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INTRABLOC

Proceedings of Soviet-Romanian Symposium on Cadre Training Described

27000035a Bucharest ANALE DE ISTORIE
in Romanian No 6, 1987 pp 120-125

[Report by Gheorghe Surpat on the proceedings of the Romanian-Soviet Symposium on "The Cadres Training and Improvement Policy in the Light of the Documents of the 13th RCP Congress and the 27th CPSU Congress" held in Bucharest on 14-15 October 1987]

[Text] On the basis of the scientific cooperation convention between the Institute of Historical and Social-Political Sciences [IHSPS] of the RCP Central Committee and the Institute of Marxism-Leninism [IML] of the CPSU Central Committee, a Romanian-Soviet symposium on the topic "The Cadres Training and Improvement Policy in the Light of the Documents of the 13th RCP Congress and the 27th CPSU Congress" was held in Bucharest on 14-15 October 1987. It was the ninth symposium dealing with aspects of the activities of the two parties which lead the work of building socialism and communism in their respective countries.

The Romanian delegation, which was made up of Dr. Gheorghe Surpat, department chief at the IHSPS and head of the delegation, and Dr. Elena Muresan and Dr. Gheorghe Tudor, IHSPS scientific researchers, presented the following papers: "The RCP Concept on the Role of Cadres at the Current Stage of Building the Comprehensively Developed Socialist Society;" "The Organizational System of Cadres Training and Improvement;" "The RCP's Efforts to Train Cadres with a Great Revolutionary Consciousness, Professional Competence, and Moral-Political Attitudes;" and "Principles and Criteria of the RCP Policy of Selecting, Training, Allocating, and Promoting Cadres."

The Soviet delegation, which was made up of Dr. Vasilii Yakovlevich Bondar, chief of the IML party construction department and head of the delegation, and Dr. Raisa Semionovna Sharavatova, Gleb Borisovich Vishinsky, Dr. Nadejda Dimitrievna Okonova, and Dr. Boris Ivanovich Kudashkin, senior scientific researchers of the institute, presented the papers: "The CPSU Cadre Policy and Its Leninist Theoretical Foundations;" "Democratizing the Cadre Policy Within the Framework of Restructuring;" "Increasing Cadre Requirements as an Important Condition for Consolidating Party Unity;" "The Participation of Basic Organizations in Recruiting, Training, and Promoting Cadres;" and "Improving the System of Cadres Training and Reassignment at the Current Stage."

In his paper, V.I. Bondar described in detail the Leninist principles and criteria used in the cadre policy, which have maintained their entire validity for the current conditions of development of the USSR. The 27th CPSU Congress and the CPSU Central Committee plenums of January and June 1987 gave the party and the people

great tasks concerning the socioeconomic development of the Soviet society. In order to fulfill these tasks, the party organizations have had to intensify their impact on all the economic areas, provide judicious leadership for social processes, and work out new approaches to party activities. As was stressed at the CPSU Central Committee plenum of June 1987, V.I. Bondar stated, the changes that are being implemented cannot be carried out without the active participation of local, soviet, and economic party bodies and of all managerial cadres. This makes all the more important the PCSU's activities in the area of selecting, allocating, and training cadres as an important factor for ensuring the implementation of its political tasks.

V.I. Bondar said that V.I. Lenin viewed the cadres and the selection of people as the key to the success of the entire work. The militant slogan, "The Cadres Determine Everything" helped raise the country to the bold peaks of the first 5-year plans. The entire CPSU history is the history of a genuine school of professional revolutionary cadres, of a school for the education of party leaders and of all its members in the consistent struggle for the victory of the socialist revolution and for building a new society.

In the current conditions, the speaker stressed, the requirements concerning the level of ideological training, professional competence, and political and moral maturity of the cadres are increasing. Along this line, success depends primarily on how fast and how profoundly the Soviet cadres perceive the need for changes and on how creatively and firmly they implement the party line. Improving the cadre work and strictly observing the Leninist principles of selecting, allocating, and training cadres is one of the basic conditions for resolving the important and complex tasks facing the Soviet peoples.

The CPSU Central Committee draws on the Leninist tradition in dealing with the cadre policy amid conditions of fast socioeconomic development of the country, V.I. Bondar said. This tradition envisages special requirements concerning the political, professional, and moral traits of the cadres: loyalty to the cause of the party, socialism, and communism; the ability to implement the party policy in keeping with the revolutionary theory, to act from party positions, to rely on the masses, understand their mood, and listen to their views; great professionalism, a talent for work organization, qualifications, practical experience, and ability to cooperate with people; initiative and reasoning powers, creativity, ability to adapt rapidly to new tasks and issues, and independent action; responsibility for the task entrusted to them; compatibility between words and actions; faultless morality, discipline, honesty, and modesty; self-demandingness, sense of justice, etc.

In order to achieve those objectives, the CPSU strives to overcome and eliminate negative phenomena from social life and cadre work, and pursues the Leninist line

in promoting the representatives of the workers class to leadership positions and allocating and transferring cadres in keeping with the interests of the state and of the cause of socialism; periodically transferring cadres from one job to another; more extensively involving people who are not party members in leadership positions, something that contributes to intensifying trust in the party and rallying the masses around the CPSU; harmoniously blending the experience of older cadres with the involvement and promotion of young, energetic organizers in leadership work; and systematically replenishing the corps of leadership cadres with capable people.

In the matter of cadre work, V.I. Bondar concluded, the CPSU has followed and continues to follow the Leninist principle of equality among cadres of various nationalities and from various republics, which must be appropriately represented in the various party bodies in the soviets and in the economy.

In her paper, R.S. Sharavatova emphasized that, in the current conditions of expanding socialist democracy, the CPSU pays special attention to improving and democratizing the cadres policy, which it views as a decisive means of achieving its program tasks and as a tool for implementing the political leadership of the society and for mapping out and implementing the strategy of developing socialism.

The author stated that at the current stage the democratization of the cadres policy involves consistently asserting and implementing the Leninist principles concerning the selection, allocation, and education of cadres; overcoming stereotypes and stagnation; and taking measures capable of ensuring the process of rapid development of socialism, an objective that depends on the existing and future cadre potential.

R.S. Sharavatova then stated that the CPSU implements its cadres policy in a manner designed to effectively utilize the strong potential built during the years of building socialism, which provides favorable conditions for supplementing and replenishing their ranks. Along this line she stated that during the 1970-85 period the number of specialists with a higher and average education employed in the national economy doubled. By the end of 1986 they made up 33 million, of which 15 million were university graduates. Currently, each fourth person employed in the national economy has a higher or average education. The USSR also has an increasing number of scientific researchers.

In her paper, R.S. Sharavatova stressed that the general implementation of the principle of cadre eligibility constitutes the main direction of the democratization of the cadres policy and a powerful tool for resolving cadre issues. At the same time, the democratization of the cadres policy is directly linked to increased supervision of the work of leadership bodies. The CPSU Central Committee plenum of January 1987 stressed the need for a more efficient cadres control and for consistently

implementing the Leninist requirement that the work of the leadership bodies be open to the inspection of the masses. Along this line, an important role in party and society life is played by the fact that elected and appointed leaders report to the working collectives on their activities. Thus, the working people can fully exercise their right to examine the activities of the leaders, and can even recommend that incapable or compromised leaders be released from their position.

She also pointed out that the process of democratization is a complex and contradictory process in respect to the cadres policy, too, and that it is still at its inception. There are cadres who have still not grasped the essence of restructuring, who are afraid of anything new, and who cling to the old style of working and living. The broad development of democracy is an efficient means of resolving the contradiction between the requirements of rejuvenation and creative initiative on the one hand, and conservatism on the other.

The speaker concluded by stating that the CPSU Central Committee plenum of January 1987 once again emphasized that the party, state, and civic cadres must learn how to work amid conditions of unfolding democracy and increased party activism, must learn new forms and methods of working, and must view the new situation in the society creatively.

In his paper, G.B. Vishinsky stated that currently the CPSU cadres policy is faced with the problem of "not merely improving cadre work, but radically changing it." This process is necessary, according to the speaker, because the party proceeds from the reality that the working style of a considerable number of party, state, and soviet workers was shaped during the period of extensive development of the economy, and therefore, in their activities, certain leadership qualities were relegated to the bottom of the list. Such qualities are: the ability to realistically appraise a situation and to generate new ideas and approaches on the basis of profound theoretical knowledge and practical experience; creative initiative; and the ability to promote one's own views through explanatory work and to mobilize people toward a common, democratically established goal.

Examining the qualitative traits of the new cadres, the speaker specified that such cadres have a high level of training. This is very important because the transition to an intensive type of economy requires a profound professionalism and an extensive economic and technical education. The political education of the cadres is not a fact established once and for all. Its appraisal criteria are continuously modified because, on the one hand, more is required of the cadres and, on the other hand, the basis of information of political education, i.e., the Marxist-Leninist teachings, is developing.

Proceeding from the dialectical relationship between the unity of the party and the party cadres' work to continuously strengthen this unity, the speaker stated in concluding that all the party cadres must understand that

strengthening party unity is a dialectical process that—as increasingly more is expected of the party as the leading political force in the society—must be continuously rejuvenated and raised to increasingly higher levels.

The fourth Soviet speaker, N.D. Okonova stated that the responsibilities of basic party organizations for selecting, assigning and training cadres are increasing at the current stage. The party organizations are responsible for implementing the constitutional provision according to which the "working collectives participate in training and assigning cadres." In point of fact, as a rule, the working collectives are the medium in which begins the training of leadership cadres of all levels, not only in the economy, but also of party, trade union, youth, and other cadres.

The 27th CPSU Congress, the speaker stressed, made substantial additions to the provisions of the statute concerning the basic organization as the political nucleus of the working collective. A provision was for the first time included in the statute according to which the basic organization actively participates in implementing the cadres policy. As the entire Soviet economy shifts to the principles of self-management and self-financing, managers are required to possess not only a manysided education, in-depth knowledge, and absolute competence in matters of production, but also a new level of economic thinking, an understanding of teaching and psychology, and the ability to search for and use working methods suitable to conditions of fast socioeconomic development.

Dealing in detail with the means available to the basic organizations and working collectives for implementing a thorough cadres policy, the speaker emphasized the importance of cadre eligibility at all the levels of political, economic, social, and cultural activities. However, expanding the bases for cadre eligibility is viewed as a complex process with broad implications and responsibilities and therefore, it must be accompanied by intensive political-organizational activities by party bodies and organizations, and by a correct understanding of the fact that managerial cadre eligibility in working collectives does not imply slackening, but on the contrary, it implies strengthening the principle of centralized leadership, increased managerial prestige, and at the same time, increased responsibility for the work entrusted to one.

Proceeding from those requirements, the speaker listed the main means by which the party organizations and collectives of working people can supervise the managerial cadres. Some of the important means are: managers are obligated to periodically present activity reports, the working collectives verify the description of the activities carried out by the management cadres, lists of positions are established for which promotions and remaining in the job require the approval of party organizations and working collectives, party meetings and working collectives discuss cases of managers responsible for failure to fulfill plan tasks, and higher

echelon party and administrative bodies must inform the party organization and working collectives of the reasons for which they replace the managers of the respective units.

In concluding, the speaker stressed that currently cadre work involves increased requirements. A manager must be rated not so much by whether he is suited to his job, but by his capability and potential to ensure the rapid development of the enterprise in the future and to mobilize the working people to attain the loftiest objectives.

In his paper, B.I. Kudashkin presented the evolution of the organization of political party education in the Soviet Union. The major landmarks listed were: the establishment in 1911 by V.I. Lenin of the first party school for communist (bolshevik) cadres near Paris; the development, as of the first years of building socialism, of a network of institutions for party education; the establishment in 1946 of the Academy of Social Sciences and of republican, regional, and local party schools, under a decision of the CPSU Central Committee decision; and the introduction in 1967 of a system of retraining party and state activists for reassignment. An important point for the reorganization of party education and for more closely linking it to practical experience was marked by the CPSU's adoption of a document entitled: "On Improving the Political Party Studies of Leadership Cadres in the Light of the Decisions of the 27th CPSU Congress."

The speaker then presented the organizational forms in which higher party education will in the future proceed, especially the new forms of training and reassignment introduced this year. Thus, the Academy of Social Sciences has a new form of training leadership cadres: instead of sections featuring 2 and 3 year-courses, there is now a section with and without class attendance. Course attendance is not required in the first 2 years of studies, only in the third, and the student is not released from his job. Promotion to the third year depends on the results obtained in class and on the job. The main task of this section is to train reserve managerial material at republican, regional, and local level, as well as at the level of the CPSU Central Committee apparatus and the central ideological organizations.

Similarly, the Academy of Social Studies now has an Institute of Scientific Research and Dissemination of Party Work Experience, whose function is to coordinate the activities of higher party schools and to make sociological studies concerning the entire party; a publishing house for textbooks and scientific and methodological literature; and a computer center for education and research. Important changes have also been made in the activities carried out by the Marxism-Leninism Universities attached to district and town party central committees, whereby emphasis is put on examining theoretical issues in close connection to life and the realities prevailing in the Soviet Union.

The papers presented by the Romanian delegation were designed to present a comprehensive picture of the experience gained during the period of socialist revolution and construction in matters concerning the training, assignment, and promotion of cadres, and the new requirements and needs established by the 13th party congress in this important area of activity. Along this line, Gheorghe Surpat described the RCP concept concerning the role of cadres at the current stage of building the comprehensively developed socialist society, and the institutional system of organization and training of party, state, mass, and civic cadres.

Stressing that a large number of party and state leadership cadres and cadres for the economy and the entire social-political life were shaped in the process of building socialism, the speaker presented the RCP's cadres policy as it is laid down in the RCP Program and Statute, in the documents of the party congresses, national conferences, and Central Committee plenums, and in the law on the professional training, employment, and promotion of workers in socialist units. The speaker said that the RCP is consistently concerned with ensuring an appropriate social structure of cadres, reflecting the role and position of each social class and category in the society, so that all the cadres should meet the professional, political, ideological, and ethical-moral conditions required by the current stage of building the comprehensively developed socialist society, should be under the permanent supervision of the party and the masses, and should be accountable to them for the fulfillment of their tasks.

Elena Muresan presented the role of political-ideological education within the activities carried out by the RCP to train cadres with a great revolutionary consciousness, professional competence, and moral-political attitudes. On this basis, she pointed out the contribution made by political-ideological education to ensuring that the party and state cadres and all the working people adhere to the RCP's political line, the party and state decisions, the law, and the special and priority programs adopted in each area in order to update the production processes and improve labor organization, and to disseminate the intensive factors of economic development. The speaker also stressed that through political-ideological education the cadres, party members, and other working people acquire communist working and living attitudes, progressive social attitudes, and a militant spirit against certain retrograde phenomena.

The last report was presented by Gheorghe Tudor, who spoke about the principles applied by the RCP at the current stage in its policy of selecting, training, and promoting cadres. Along this line he emphasized that: the RCP leads the entire cadres policy, especially selecting and promoting cadres from among the workers class; the cadres policy judiciously combines the experience and maturity of older cadres with the enthusiasm of younger cadres; a large number of women are promoted to responsible positions in proportion to their presence in the society; the cadres policy ensures a correct

national representation and broad democracy in the policy of selecting and allocating cadres; the principle of cadres rotation is strictly implemented; and cadre and party aktiv reserves are trained.

Debates took place on the Romanian and Soviet papers presented at the symposium, which contributed additions, specifications, and new elements. The debates proceeded in the working atmosphere characteristic of a spirit of close cooperation.

Both at the beginning and at the end of the symposium the Soviet delegation was received by Comrade Ion Popescu-Puturi, the IHSPS director, who pointed out the usefulness of bilateral Romanian-Soviet symposiums. The two sides also emphasized the valuable results of the Romanian-Soviet scientific meeting, which continues the tradition of good relations between the IHSPS and the MLJ and which made new contributions along this line.

The IHSPS director stated that each stage of the extensive process of building the socialist society had its characteristic features stemming from the specific conditions of the respective historical moment. The transition to a new and superior stage, such as is now occurring in our countries, shows that certain methods and practices have become obsolete and must be replaced by others, more appropriate to the new realities. By whatever name they may be known—restructuring, modernization, improvement, etc.—these rejuvenating processes basically reflect one and the same phenomenon. What is important for us, as historians, is to highlight the features that reflect the superiority of socialism over capitalism.

Our symposiums allow us to brief each other on the issues taken into debate; subsequently, through publications like *ANALE DE ISTORIE* and *VAPROSI ISTORII* KPSS, we inform our party cadres, thus achieving an exchange of experience useful to all.

The most topical and general issue, Comrade Ion Popescu-Puturi continued, is cooperation not only among the socialist countries, but also with the capitalist world. Mankind has reached a stage when the fate of countries and nations can no longer be viewed separately, according to social system, but must be viewed globally. Both the level of economic relations, which have created such a situation of mutual dependence in world economy that no system is independent of the other, and especially the destructive potential stored in nuclear arsenals urgently require a new approach to the problem of the relations and cooperation among states, and a new manner of thinking. Such new thinking and actions must not be based on the search for new means of destruction, but on the search for means of broad cooperation among all the states and nations. Along this line, the IHSPS director recalled the view of the founders of scientific socialism, according to which military technology will reach a level that will make war impossible. Currently, the huge

stockpiles of nuclear weapons existing make it necessary to approach the issues of war and peace realistically, and to proceed from the fact that the existence of nuclear arms constitutes a great threat to life on our planet.

In our times, the global resolution of economic and financial problems requires the achievement of a new world economic and political order. As is known, our party has for many years struggled along this line, concerning both economic and political relations that can ensure the stability and harmonious development of the international economy and life.

Referring to the criticism leveled at socialism by capitalist ideologues, the IHSPS director stated that the realities prevailing in countries whose social system is based on exploitation bring one to the conclusion that the transition to a socialist society, effected according to the specific conditions of each country, is a historical necessity, because socialism is the only system that genuinely ensures progress.

As for the topic of our next symposium, it must be one that will give us an opportunity to present the policies of our parties and their role at the current stage of speeding up the intensive economic development of our countries.

12782

ALBANIA

Alia Receives Ecuadoran Ambassador

AU302003 Tirana Domestic Service in Albanian
1900 GMT 30 Jan 88

[Text] Comrade Ramiz Alia, chairman of the Presidium of the People's Assembly, today received Carlos Uribe Laso, ambassador extraordinary and plenipotentiary of the Republic of Ecuador, who presented his credentials.

The ceremony was also attended by Foreign Minister Reis Malile and by Sihat Tozaj, secretary of the Presidium of the People's Assembly.

0049

POLAND

Commentary on Yeltsin Affair Notes Continuance of Restructuring

260000000b Warsaw PRAWO I ZYCIE in Polish
No 47, 21 Nov 87 p 12

[Article by Andrzej Krzemieniecki. "Yeltsin Leaving, Perestroika Stays"]

[Text] In the West tremendous importance was attached to this event, and in this country too it has not passed unnoticed. The resignation of Boris Yeltsin from the post of first secretary of the Moscow CPSU Committee, following a tumultuous discussion during the plenary

deliberations of the CPSU Central Committee on 21 October, was definitely not an ordinary event, the more so considering that Yeltsin is in addition a candidate member of the Politburo.

It would besides be strange for the departure of a politician of such importance not to elicit interest—a politician, moreover, who is reputed to be one of the most radical and most eloquent champions of democratization. There is thus nothing surprising in that the most improbable guesses started to circulate among reporters. As usual in such cases, the emissaries of Western press divided the party leadership into supporters and opponents of the reform and reported on heated disputes and a grave defeat suffered by Gorbachev's policy, and also that the Secretary General had to bend to the pressure of those opposed to the perestroika. At first glance, it seemed that these reporters were reasoning logically: since a politician who supported change so energetically is departing, therefore....

In such a situation it is no easy task for the representative of the highest party authorities to face a mob of correspondents avid for facts and sensations. Yet, Aleksandr Yakovlev, Central Committee secretary and Politburo member, did not lose his balance. Bombarded on 4 November, at the Moscow Press Center, by a veritable hail of loaded questions about the reasons for Yeltsin's resignation, he answered with Olympian calm, "Formerly such an event used to be exceptional, but now you must get accustomed to the new situation."

The glasnost was surprising, even to Western reporters. After decades of stagnation and ostentatious unanimity, writing and talking publicly about issues of concern to people still elicit disbelief. And as for the issue discussed here, it stirred not only the Muscovites.

Yakovlev discussed Yeltsin's speech during the plenum and his criticisms of the style of work of the leadership, commenting that "Many Central Committee members did not agree with Yeltsin's assessment." Thus this comment was one of the manifestations of the glasnost referred to by the Soviet leader in his anniversary speech of 2 November: "We should not dread an open posing of difficult problems of social development, and we should criticize and dispute. For this is precisely how truth is born and just decisions are taken."

The Central Committee Secretary also announced during that press conference, that the resignation request would be considered by the plenum of the Moscow CPSU Committee. On 11 November, according to a TASS communique, that body "relieved B. Yeltsin of his duties owing to major shortcomings in leading the Moscow city party organization."

On listening to the reactions to that communique, one cannot resist reflecting that restructuring in the Soviet Union is taking place at a more rapid rate than the rate at which doubts and apprehensions are disappearing. On

observing the events of the last 2 years and bearing in mind our own Polish experience, we have more than once been asking ourselves about the chances of perestroika. One reflection of these apprehensions is that changes are being identified with the fate of individual politicians, and perestroika itself is identified with Gorbachev's name.

It is not possible to wholly negate this point of view, but a slavish adherence thereto narrows the field of vision, for it obscures the real picture of institutional and political changes. Yeltsin is gone, yet his departure has not resulted in the abandonment of the planned liberalization of electoral laws and reform of penal law to abolish internal exile and drastically curtail the death penalty. His departure [does not affect such gains as] a controversial press, the decree on suing officials who infringe upon the rights of citizens, the commission which is to rehabilitate victims of Stalinism, and the embryonic private economic initiative.

Much has already been said about opponents of changes in the USSR. Gorbachev, too, mentioned them in his speech on 2 November from the podium of the Kremlin's Palace of Congresses when he referred to "a certain strengthening of the resistance of conservative forces which perceive perestroika as a threat to their selfish interests and aims."

But this conclusion was accompanied by a completely new tack—that of the need to defend the reforms against the excessive enthusiasm of their supporters. "We should not either," the Secretary General declared, "submit to pressure from overzealous and impatient individuals who ignore the objective logic of perestroika and display discontent at the sluggish, in their opinion, pace of changes, at their alleged failure to bear fruit rapidly. It should be understood that stages cannot be leaped over and not everything can be accomplished at once."

Having become the head of Moscow's party organization in December 1985, the 56-year-old Yeltsin, a dynamic party activist from Sverdlovsk in the Urals, did a great deal in order to, as he himself declared in October of that year at a meeting with diplomats, "stir up the dormant and complacent city that Moscow has become." An account of that meeting, published 3 weeks ago in MOSKOVSKIYE NOVOSTI, includes as it were a balance sheet of Yeltsin's accomplishments: far-reaching personnel changes (complete replacement of the membership of the Moscow party committee and of 40 percent of its apparatus; replacement of 23—out of 33—district party committee secretaries, replacement of 36 percent of officials in the municipal council); the struggle against corruption and nepotism; and constant and mostly unannounced inspection visits of the city party committee secretary to stores, work establishments, and institutions.

In speaking of major shortcomings in Yeltsin's work the members of the plenum of the city party committee of a certainty did not mean his indisputable accomplishments; rather, they meant what Gorbachev terms "disregard of the objective logic of perestroika"—impatience and a style of work consisting in attempts "to accomplish everything at once." This may sometimes be an effective style of work, but it is not so always, because it at times ignores the realities and generates unnecessary conflicts and tensions. And the number of these new tensions in the city was quite large.

We thus approach the heart of the matter, which in the last few weeks has attracted so much attention. For this concerns a difference in opinion not about strategy but about tactics, and the issue is not whether changes should be made but how they should be made. This also concerns style of work and excessive ambition.

The Soviet restructuring, to which we too link great hopes, is governed by the same laws as those governing the changes occurring in Poland, Hungary, or China. Nowhere are they taking place in a social vacuum, and nowhere can they occur in the absence of conflicts, slowdowns, and accelerations. In this connection this is not, unfortunately, a 100-meter race but a marathon whose duration is reckoned in many years. In such a contest, sprinters get rapidly exhausted.

1386

Commentary on Soviet Glasnost, Perestroika in Veterans' Weekly

26000080a Warsaw ZA WOLNOSC I LUD in Polish No 43, 7 Nov 87 pp 1, 3

[Article by Bohdan Rostropowicz: "Reflections on the 70th Anniversary of the Great Socialist October Revolution: For More Socialism!"]

[Excerpts] The Great Socialist October Revolution, whose 70th anniversary comes on 7 November, is the most important event not just in the 20th century but in the history of mankind in general. What matters most is that it signaled a turning point. For this was not, unlike in the past, a revolution resulting in the deprivation of the power of one exploiting class by another, taking its place. Previously, only the ruling classes changed, while exploitation relations remained. The Great October Revolution was a fundamentally different kind of revolution. It deprived exploiting classes of power on an area equal to one-sixth of Earth's surface, expropriating them and sweeping them as with a broom out of the arena of history. And for the first time in history, power was seized by the previously exploited classes—workers and peasants.

This entire and just march forward, this entire development process which has brought tremendous advances to the Soviet peoples, has also entailed mistakes, even

serious mistakes. Extremely grave distortions and deformations took place. Deviations from Marxist-Leninist principles occurred. They were due to both objective causes and subjective views, stances, and behavior, and also to the character traits of particular individuals—not just of Stalin alone.

Did these factors weaken the Soviet state? Did they hamper its growth? Of a certainty yes. The development road of the Soviet state was neither easy nor simple nor smooth. It was full of potholes and tortuous.

It is worth noting that the party of Soviet communists has already more than once succeeded in eliminating the negative aspects of the development process. This points to its intrinsic strength, to the force of the ideology guiding it, to the inner belief in the validity of the goals postulated, to inner will and determination to fight against evil and against what hinders development. This points to the indomitable will to advance—despite the piling-up of difficulties.

For what else than this can account for the "przebudowa" [perestroika] undertaken in the Soviet Union by the communist party—for the unusually broadly conceived transformation of all domains of life?

This is not abandoning socialism, contrary to what some think or would like to happen. What is being reformed is not socialism but the system within which socialism is being translated into reality. The Soviet perestroika is taking place, so to speak, within socialism and on the basis of its principles by restoring these principles where they have been deviated from, by attaching proper importance to its values and utilizing them. The perestroika is taking place under the general slogan, "More Socialism!" Now, more socialism means a broad strengthening of the concept of public ownership and greater social justice and rule of law, more democracy, and openness [glasnost] of political life. More socialism also means that laboring people can be masters of their fate to a much greater extent than heretofore. It also means a more efficiently performing economy and, as a result, a consistent and tangible rise in the living standards of the society.

The perestroika taking place in the USSR is justly defined as a revolutionary process. For in that country continue the deepening of revolutionary tasks and the perpetuation of the ideas and principles of a new system of society which shone as a guiding light above the victorious October 1917.

1386

Kielce Defense Committee Meets

26000079a Warsaw TRYBUNA LUDU in Polish
25 Sep 87 p 1

[Unattributed article—PAP report]

[Text] On 24 September the Kielce Voivodship Defense Committee met. The functioning of civil defense in the region and problems of patriotic-defense education of

youth were discussed. Participating in the deliberations was Politburo Member and Chairman of the Central PZPR Control and Audit Commission Włodzimierz Mokrzyński.

1386

Defense Committee Meetings Reported

26000079d Warsaw ZOLNIERZ WOLNOŚCI in Polish
25 Nov 87 p 2

["Voivodship Defense Committees Deliberate"—PAP report]

[Text] (A) Voivodship defense committees in Warsaw, Lublin, and Krosno held meetings. The Warsaw WKO [Voivodship Defense Committee] considered, among other things, problems of the peril to natural environment created by industrial chemicals and radioactive products in the event of a breakdown of industrial or transportation facilities. The session was attended by Arms General Jerzy Skalski, member of the National Defense Committee.

The Krosno WKO discussed aspects of improving cooperation with the Presidium of the Krosno Voivodship People's Council.

The Lublin WKO examined the winter preparations of the voivodship's economy, with special consideration of the fuel and energy balance.

1386

Effort To Standardize Measurement Technology With USSR

26000076b Warsaw ZYCIE WARSZAWY in Polish
28 Oct 87 p 1

["Joint Polish-Soviet Association: 'Vis-Kalibr'"—PAP report]

[Text] Moscow. According to TASS, the "V Kalibr" Joint Soviet-Polish Research and Production Association has already commenced operating. This is the first Soviet-Polish association concerned with measurement technologies.

Last September a group of specialists from the Moscow KALIBR Factory arrived at the Swierczewski Works in Warsaw in order to unify the design of the measuring equipment produced. In November Polish engineers will travel to KALIBR.

1386

Clarification of Laws Governing Foreign Currency
2000070e Warsaw RYNAK ZAGRANICZNY in Polish
14 Oct 87 p.3

[Article by Jerry Szydłowski: "Foreign-Exchange Regulations for Foreign Enterprises" subtitled "Expert Clarification"]

[Text] Certain foreign trade agencies have been reporting on problems in interpreting the foreign-currency regulations governing the clearing of accounts with foreign enterprises and shareholders operating pursuant to the Decree of 6 July 1982 on the Principles for the Operation of Small Industry by Foreign Legal Entities and Persons on the Territory of the Polish Republic (standard text of the Decree in DZIENNIK USTAW, Item 58, 1983), and requesting clarification. In this connection, let us elucidate certain problems.

Legal entities and individuals with permanent residence abroad, which or who establish sole-owned companies with a seat in Poland, are referred to as "foreign economic subjects" in the abovementioned Decree. But pursuant to the Decree of 22 November 1983 on Foreign-Exchange Law (DZIENNIK USTAW, Item 288, No 63, Article 2, Point 5), their status is that of domestic residents from the standpoint of the foreign-exchange law.

Foreign economic subjects may engage in economic activity on their own behalf as well as participate in joint stock companies together with Polish economic subjects.

Economic activities relating to light industry and consisting in, among other things, exports of own products and services and imports of products and services for this purpose require a permit from the minister of foreign trade.

Foreign enterprises may sell imported goods and services through the mediation of the state enterprises designated to handle sales in convertible currencies on the territory of the PRL [Polish People's Republic]. In addition, they have the right to 50 percent of their export revenues following the sale of the other 50 percent to the Polish foreign-exchange bank.

Income from exports is construed as documented funds in convertible currency deposited in the enterprise's account at the Polska Kasa Opieki, S.A., Bank, and deriving from the export of goods and services as well as from the sales of the goods and services imported by the enterprise through the mediation of the state enterprises authorized to conduct sales in convertible currencies on Polish territory.

Expenditures on imports are construed as documented payments from the enterprise's account in the Polska Kasa Opieki, S. A., Bank for purchases abroad or, in internal exports [purchases of scarce goods with dollars inside Poland], for purchases in convertible currencies of

raw materials, semifinished products, spare parts, and services to support production and service activities, and also as payments for the attendant costs of transportation and insurance, as well as payments for the services of Polish foreign trade enterprises in mediating imports or exports.

Borrowing

Foreign enterprises may, upon adhering to the regulations of the foreign-exchange law and the bank law, borrow from foreign banks. In cases in which a shareholder in a foreign enterprise is a domestic organization of the socialist sector, and borrowing may entail an obligation on the part of the Polish shareholder in the form of the provision of collateral, a permit from the minister of finance is also required.

The owner or co-owner of the enterprise whose permanent residence is abroad may wish to grant financial credit to the enterprise, or lend it raw materials for production. In such cases there are no contraindications for the acceptance of credit by the enterprise, provided that, from the economic point of view, the credit terms are not explicitly in conflict with Polish regulations and the state's foreign-exchange interests. Sometimes this may be a donation, e.g., in the form of raw materials. According to the interpretation of the Ministry of Finance, in the light of Article 30, Point 1, of the Foreign-Exchange Decree, no foreign-exchange permit is required for the acceptance by a domestic person or entity of a material donation from a foreign person or entity. However, an import permit from the Ministry of Foreign Trade, applicable to the procedure for foreign trade, is still required.

Payments for Imports

There also occur instances in which foreign enterprises, when ordering imports, propose to pay for these imports from the foreign bank account of the owner or to clear their export accounts by importing machinery for their own needs.

It should be explained that payments for imports handled by a Polish foreign trade enterprise on behalf of a foreign enterprise doing business in Poland may be made from the owner's foreign bank account. In such cases imports may be in the nature of material contributions by the foreign owner and are in the interest of the Polish economy, because then the convertible currencies kept at the Polska Kasa Opieki Bank, Inc., are not used to pay for such imports and remain in this country. Such a form of payments does not conflict with the abovementioned Decree of 6 July 1983 and with the Ordinance of 12 November 1983 of the Minister of Finance Concerning Foreign-Exchange Permits for Foreign Enterprises and Joint Ventures (MONITOR POLSKI, Item 229, No 39).

So far as the clearing of export accounts in the form of imports of machinery is concerned, this approach is on the nature of a compensation payment, and transactions of this kind are governed by the regulations and provisions concerning compensation payments with respect to, in particular, foreign trade organizations.

Through the Mediation of the Polish Bank

Article 23 of the Foreign-Exchange Decree stipulates that domestic residents are obligated to use domestic Polish foreign-exchange banks as mediators for collecting payments abroad and making payments abroad; any exception to this provision requires a foreign-exchange permit.

The fact that the export-import accounts of foreign enterprises are handled by and through the mediation of a Polish foreign-exchange bank, which includes making payments, and cash payments as well, implements the provision of Article 23 of the Foreign-Exchange Decree. Hence also the Ministry of Foreign Trade does not grant to foreign trade organizations foreign-exchange permits for making payments abroad from the export-import accounts of foreign enterprises, inasmuch as, pursuant to Paragraph 17 of the Ordinance No 6 of 6 February 1983 of the Minister of Foreign Trade Concerning General Foreign-Exchange Permits for Foreign Trade and for the Services Relating to That Trade (DZ, URZ, MHZ, Item 7, No 4), foreign-trade organizations are in general authorized to collect and make payments through the mediation of the Polish foreign-exchange bank.

Foreign-Exchange Payments

Considering that foreign trade enterprises have the status of domestic residents, they need no permit for disposing of domestic currency in Poland's domestic trade, provided that they adhere to foreign-exchange regulations. The related restrictions concern payments specified in Paragraph 5, Points 1-4, of the aforementioned Ordinance of 12 December 1983 of the Ministry of Finance. Payments should be settled by all foreign trade enterprises in convertible currencies or in zlotys deriving from documented exchange of these currencies. This also concerns the issue of settling payments in convertible currencies when paying through the mediation of Polish foreign trade organizations for capital goods with the foreign exchange owned by the owners of foreign enterprises.

It is a general principle that, when settling their accounts, foreign enterprises are billed by the state foreign trade enterprises for all the expenditures of foreign exchange on, e.g., transportation. In the event, however, that a domestic producer (the foreign enterprise) ships goods with its own means of transportation, the state foreign trade enterprise can charge him a fee in foreign exchange for only those elements of the transportation cost that were actually paid in foreign exchange.

1386

FRG, Polish Talks on Food Economy Development

Stwierdzono rozmowy o ZPPT i KRAKOWSKA na Polach 1 (K) 87 p 2

[Article by (int): "Minister Ignaz Kiechle in Krakow: Cooperation Between Poland and the FRG in the Food Industry"]

[Text] (Own information) On the next day of its visit to Poland, the delegation of the FRG Ministry of Food, Agriculture, and Forests toured Krakow. The delegation was headed by Federal Minister Ignaz Kiechle. It was accompanied by FRG Minister of Agriculture, Forestry, and Food Industry Stanislaw Zieba. The guests from the FRG toured Krakow and familiarized themselves with the traditions and cultural accomplishments of the ancient capital of Poland. They also toured the salt mine in Wieliczka.

In the afternoon talks were held with the participation of Director of GŁOCHOWSKI ZRP in Krakow Dr Eng Kazimierz Kotwica, Director of the Institute of Zootechnics Dr Jędrzej Krupinski, and Deputy Mayor of Krakow Wiesław Woda. The talks concerned details of Polish-West German cooperation in propagating biotechnology and the latest accomplishments of the agricultural and food industry. The Krakow talks represent a particularized corollary of the new forms of cooperation between both countries, especially as regards modern agricultural and food-industry technologies.

1386

GDR, Polish Border Trade Flourishing

Stwierdzono rozmowy o KRAKOWSKA POLSKA ORZĄDZ 1 na Polach 2 (K) 87 p 4

[Article by (i.): "Without Foreign Exchange and Without Mediators" subtitled "For the Market"]

[Text] Customers at the Vowodship Internal Trade Enterprise (WPIW) in Koszalin are surely bound to see various goods produced by our western neighbor. There is nothing surprising in this, imported goods are nothing exceptional in our stores. But not everyone is aware that such GDR products as cotton pantyhose for children and adults, curtains, trampoline (rubber-soled sports canvas shoes), tennis shirts, underwear, and many other products are being sold in our vovodship without mediation by foreign trade agencies. They are imported as part of the so-called cross-border barter trade.

For 3 years now the Koszalin WPIW has been cooperating with a like enterprise in Pasewalk (Neubrandenburg District). The principle is simple barter. Both parties must meet the same condition, namely, that of

selling to the partner only those goods which are in abundance in one's country. The point is that this particular kind of export should not empty store shelves in one's own country.

In this country, goods that already are available in the trade network can be used for border trade, and this also applies to goods ordered by the WPHW directly from the producers. Such orders are placed by the WPHW on the basis of a list of goods selected by representatives of the GDR partner at, e.g., Polish trade fairs or subsector exhibitions. The goods subject to border trade are exempt from customs duties.

The purpose of this form of foreign trade is to improve the supplies of market goods and to enrich and diversify their range—and in the case of Poland, also to at least partially alleviate the shortages of scarce goods.

Last year the value of the goods shipped to the GDR as part of border trade between the WPHW and the Poznań enterprise amounted to about 30 million zlotys. For this year the agreement specifies a similar amount. The favorite Polish product of our GDR partner is workwear. Another important item in border exports is crystal and glass. Our neighbors also like very much Polish ceramics—faience and porcelainite products are in great demand. They also gladly buy Polish souvenirs and artificial and plastic jewelry.

The list of goods imported in the same way from the GDR is rather long. This year, as in the previous years besides, it includes wallpaper and wallpaper adhesives, hosiery, children's and women's underwear, window curtains, draperies, and sports footwear. Our partner also supplies us with skin and accessories such as skiboots, and also with fishing gear. In addition, we have received 1,000 rotary washing machines, which are in great demand, and 500 clothes dryers. The aggregate value of these goods is about 1 million marks (for transactions of this kind the tourist currency conversion rate is used).

These may not be huge quantities of goods, but they are a major complement to normal supplies. For example, 1,000 rotary washing machines obtained in excess of allocation lists account for as much as one-third of the annual shipments of this merchandise to the branches of the Konradin WPHW.

Thus the game is worth the candle.

Everything indicates that next year's volume of border trade will be broader in scope. The GDR partner of the WPHW has placed orders worth 30 million zlotys for the first half of next year alone. It intends to place orders for the second half of the year following the Poznań Trade Fair next spring. The list of goods to be bartered by both parties is by now, of course, ready, and it differs only slightly from its predecessors. Negotiations on details of the agreement are currently under way.

It is worth noting that the WPHW is already taking steps to establish similar cooperation with a trading enterprise in our sister district in the Soviet Union.

1386

Quality as Main Factor in Increased Exports

Sobremennyye Katowice TRIBUNA ROLBOTNIKA
in Polish 17 Oct 87 pp 1.

[Article by (text): "The Winner Is the One With the Best Merchandise: CENTROZAP and KOPEX Are Increasing Their Exports"]

[Text] Good results in exports, especially in exports to Payments Area 2 ["capitalist" or hard currency countries], are being achieved by the Katowice CENTROZAP and KOPEX foreign-trade agencies, which trade in investment goods for mining and steel industries and provide specialized construction and installation services. For the first 9 months of the year exports to that area handled by CENTROZAP were about 12.8 percent higher (on constant prices) than in a like period last year. This was due chiefly to the substantial increase in exports of merchandise, especially to the markets of the People's Republic of China (as published—PRC is not in Payments Area 2), and also to Spain, Sweden, and several other countries. KOPEX similarly has markedly increased its exports to Czechoslovakia, Romania, and the Soviet Union.

In addition to being prompt in fulfilling current contracts, the personnel of KOPEX have already been for some time now negotiating contracts for 1988. Many such contracts have already been signed, among other places at the Sommer 87 Fair and at the Leipzig Fair. Many others were concluded this month at numerous international trade fairs in, among other places, Bonn, Vienna, and Zagreb. Proposals for performing specialized mining services are being drafted for, among other countries, Morocco, Turkey, Algeria, and the PRC. KOPEX also is participating in negotiations organized by the World Bank. However, compared with the level of the requirements of foreign partners, the problem of the modernity of the machinery and equipment offered is becoming increasingly acute. Price is ceasing to be the decisive factor in concluding contracts. The winner is most often he who offers the most up-to-date goods.

Similarly, the volume of sales by the CENTROZAP Foreign Trade Agency in the first 8 months of the year has been higher than in a like period last year, meaning sales to the markets of both 1 and 2 Payment Areas ["socialist" and "capitalist" countries respectively]. A memorable feat was the shipment to Algeria of a monument built in the record-breaking time of 3 months by the Gliwice Technical Equipment Works, in return for US\$1,160,000.

For some time now, it has been increasingly difficult to sell metallurgical machinery and equipment on Western markets, owing to the stagnation in investments in the metallurgical industry. On the other hand, there is considerable interest in equipment for environmental protection, dust-purification facilities, and such products as castings and forgings. CENTROZAP is trying to make more of them available for sale.

Compared with last year, CENTROZAP has also increased its exports of specialized services to foreign-exchange markets. The account for about 30 percent of its sales to that area [Payments Area 2]. Noteworthy among the recently signed contracts of this type is the contract for the supply and assembling of structural elements for the telecommunications center and tower in Kuwait. The value of this contract, which is to be carried out until the end of 1988, is about US\$3 million.

Similarly, the services provided to Payments Area 1 contribute substantially to the export volume of CENTROZAP. Through its mediation, Polish firms have already for years been implementing large contracts for the performance of specialized construction and installation operations in, among other countries, Czechoslovakia, the GDR, Bulgaria, and Hungary. It is precisely owing to the hard-currency earnings from services that imports of needed equipment, components, and consumer goods to this country can be increased. Recently, for example, in return for the services provided to the GDR, CENTROZAP was able to import from that country crankshaft forgings for the Diesel engines manufactured under license at the Kalisz Transport and Equipment Plant and the Starachowice Truck Factory. Currently a similar transaction is in progress for rolling stock imported by the KOLMEX Foreign Trade Agency. Yet another example is the fulfillment of service contracts (assembling of production lines at the [Czechoslovak] factory in Mlada Boleslav in return for the shipment of 3,000 Skoda passenger cars to Poland. CENTROZAP is expanding its exports of services primarily to the markets on which goods needed by this country can be acquired.

This year CENTROZAP is preparing several major contracts which in the next few years will assure it of considerable sales income. One of them is the contract for building a fully equipped "2000" sheet mill in Magnitogorsk. It already has begun to be fulfilled. Even before this year is over the first lots of equipment will be shipped. This contract is valued at several hundred million rubles.

1386

Corruption Noted in Consumer Goods Distribution
26000077c Kielce SLOWO LUTU in Polish
5 Oct 87 pp 1,4

[Article by J. Szarejko and A. Wyrzykowska: "The Scales of Honesty Are Crooked: From Stores to Street Bazaars; Private 'Warehouses' of Sellers; Only the State Inspectorate of Trade and the Militia?"]

[Text] We are inured to a situation in which industry lags behind in its output of goods in demand. That is why we are not particularly surprised when store sales personnel tell us, "Not available," or "Sold out." We only begin to be surprised when we find in street bazaars, at market fairs, and in illegal trade everything that has disappeared from store shelves—automotive spare parts, television sets, work clothing, drill bits, and even "Krowka" (caramel) candy—of course at black market prices. How do these goods get there?

In the summer season the Kielce Office of the State Inspectorate of Trade conducted 159 inspections at branches of the Spolem General Consumers' Cooperative, the WZGS [Voivodship Association of Gmina Cooperatives, Samopomoc Chlopska Peasant Self-Help Cooperatives, the WPHW [Voivodship Internal Trade Enterprise], and the WPST, as well as in nonsocialized outlets. The most often found irregularities turned out to be crooked scales, measurements, prices, and quality, concealment of goods from buyers, spoilage of food, and improper sanitary conditions as well as inefficient refrigerating facilities.

Examples: a salesgirl at Store No 7 of POLMOZBYT in Konskie had for no reason refused to sell more than 62,000 zlotys worth of parts for Fiat 126p cars. She argued that she was unaware that these parts were in the store; moreover she set aside some of them for herself and forgot to record this in the books. She was summarily sentenced by the Regional Court in Konskie to 2 years of imprisonment and garnishment of 15 percent of her monthly salary.

The manageress of Foodstore No 18 in Piekoszow (Ruda Strawczynska Gmina Cooperative of Samopomoc Chlopska) picked up goods worth 56,968 zlotys, including Polonez and Wyborowa vodkas as well as imported wines, from the food and liquor warehouse. Part of these goods, worth nearly 19,000 zlotys, did not reach the store at all, because they were sold privately outside the location designated for their sale. The manageress was fined 16,000 zlotys by the community court. During an inspection of Foodstore No 20 in Mniow (Gmina Cooperative of Samopomoc Chlopska in Krolewiec), PIH [State Inspectorate of Trade] inspectors found that the store's personnel concealed from buyers confectionery such as Krowka and Toffi candy, nonrationed chocolate-coated fruit jellies [as published], etc., worth altogether 46,233 zlotys. The findings of the inspectors provided the premises for initiating preliminary proceedings against store personnel.

Dining establishments also were inspected. "Special distinction" here was won also by the Ponidzie Restaurant, Category 3, in Wislice, administered by the Wislica Gmina Cooperative of Samopomoc Chlopska. It was found that the buffet attendant cheated when serving alcohol, the waitress padded the bill by 118 zlotys, and the chef served mushrooms in sour cream, pork cutlets, and tomato soup that did not follow the recipes. In

addition, the natural coffee served was markedly adulterated. Furthermore the storeroom was found to contain an "extra" 15 kilograms of butter kept beyond its edibility deadline, and the book of complaints and grievances was located in a place inaccessible to customers. Five recommendations for punishment were transmitted to the community court and a superior agency was asked to mete out disciplinary punishment to the persons responsible. (Reported by J. Szarejko)

No boutique or Moda Polska branch store in Radom, and the more so no retail store in that city, has any chance for competing with the great Radom supermarkets represented by the street bazaars near the railroad station and "Korea" on Werner Street. Beginning with attractive candies and ending with warm denim jackets, practically anything can be bought there, and usually the items sold are fashionable, attractive, and of foreign origin, but Polish goods too, goods which are supposed to be sold in stores, end up on that free market.

Who are the bazaar sellers? Employees of the Department for Combatting Economic Crimes under the Voivodship Office of Internal Affairs in Radom say that most of these street vendors ply their trade regularly. They have permits, with some having one-day permits, issued for a suitable fee by the Commerce Department of the Voivodship Office. But among the sellers there is no shortage of so-called wild vendors operating without a permit who offer goods of usually foreign origin whose value reaches as much as several hundred thousand zlotys. They also include pensioners as well as representatives of the intelligentsia and young people. There is no rule for it.

Last May Ludwig M. was detained at the "Korea" bazaar for offering to customers Turkish trousers, skirts, and sweaters (without a permit). Goods appraised at 280,000 zlotys were confiscated, and so were, as bail for future fines, a Fiat 126p and 49,000 zlotys in cash. The case ended up in the Regional Court.

The public feeling is that vendors of foreign goods should not be singled out for punishment. However that may be, they are filling, through private imports, the otherwise unmet demand for denim garments, chocolate, woolen goods, and hosiery. At what prices? Denim jackets cost 30,000 zlotys; pants, 12,000 zlotys; skirts, 14,000 zlotys. Sweaters and patterned stockings are similarly priced. Many of those detained turn out to be unfamiliar with the regulations in force. Let us offer the reminder that selling at a street bazaar requires a permit from the Commerce Department, even for one day.

On the other hand, street sales of goods of domestic origin are causing justified public outrage. For example, currently coffee is difficult to find in stores, whereas at the bazaar 10 dkg of coffee is sold at 750 zlotys (compared with 450 zlotys at stores). Pantyhose, which are extremely hard to find in stores, cost 280 zlotys in stores, but can be bought for 450 zlotys at the bazaar near the

train station. This also applies to regular knee-length hose which cost 70 zlotys in stores and 150 zlotys at the bazaar. A roll of toilet paper costs 100 zlotys, and shaving cream 150 to 200 zlotys.

How does that merchandise find its way from the stores to the street vendors? The Department for Combatting Economic Crimes under the Voivodship Office of Internal Affairs has recorded the following instances: —Last June security escort Roman K. was detained for providing natural coffee to his acquaintances instead of delivering it to the retail stores on his route. This is so-called protection trade. In this way Roman K. sold 30 kilograms of coffee. It is interesting that the personnel of the stores provided receipts for the coffee. The security escort faces 2 years in jail or a fine as well as disciplinary penalties. —Last September the militia found that the personnel of a Radom clothing and haberdashery store had concealed from customers more than 200 pairs of imported belted pantyhose worth about 230,000 zlotys. The crime was proved and a recommendation for indictment transmitted to the public prosecutor. For whom were those salesclerks concealing so much merchandise?

In the first 7 months of this year the Radom militia instituted preliminary proceedings against 159 cases of criminal speculation. In this respect, Radom Voivodship ranks 10th in this country (barely a few years ago it had ranked second and third). Merchandise worth 4.5 million zlotys was confiscated, and property worth 9.6 million zlotys was confiscated as collateral for penalties and fines.

1386

Interest in Satellite TV Remains High

Demonstration Features Western Programs

26000088 Krakow GAZETA KRAKOWSKA in Polish
5 Oct 87 pp 1, 4

[Article by Leslaw Peters: "Satellite Television for Everyone" subtitled "Let's Learn Foreign Languages"]

[Text] (Own information) The attention of pedestrians who pass Hotel Silesia in Katowice is attracted by the large white "dish" installed atop the front marquee. The dish is oriented precisely southward and aimed at a point located about 36,000 km above the Equator, the location of the American geostationary satellite ECS-1 which transmits programs of several West European TV stations—Super-Channel, Teleclub, Net-Film, Sat-1, TV-5, and others. The broadcasts can be viewed in the hotel's conference room, where an exhibition of the latest achievements of audiovisual technology, "The World on Satellite Megalinks," was opened last Saturday.

The exhibition was organized by MEGA, Inc., which sells for zlotys equipment manufactured by such renowned foreign companies as Sanyo, NEC, JVC, Hitachi, Panasonic, etc. This equipment, whose aggregate

value is 70,000 West German marks, was provided by JMR Electronics, a West Berlin company selling modern equipment to the GDR and the Soviet Union. The owners of JMR, Jan and Marek Rynkiewicz, also are interested in entering the Polish market.

As regards equipment for the reception of satellite TV, both MEGA and JMR present at the Katowice exposition units adapted to Polish conditions. They propose a cross between satellite and cable television. This concept consists in installing a common antenna for several houses, or even for the buildings of an entire housing cooperative, and providing the TV signal via cable to every dwelling covered. In the "thrift" version (with one so-called tuner shared jointly by all users), the cost of the investment is distributed among many subscribers, thus making it possible for persons who are not well off to view satellite television, except that under this variant everyone has to view the same program. The cost of the tuner is approximately 800 West German marks. In Warsaw the first permits for installing this type of collective antenna have already been issued, and it can be expected that interest in this form of utilizing costly equipment will steadily rise.

MEGA and JMR offer equipment manufactured by Fuba, a West German company. The exposition will be open until 17 October.

Swedish Firm Presentation in Krakow

2600088 *Krakow GAZETA KRAKOWSKA in Polish*
5 Oct 87 p 5

[Article by (ip): "Satellite TV Program To Be Viewed on Hotel Television Sets?"]

[Text] At the Holiday Inn Hotel was held a showing of television programs received by means of a satellite antenna. A representative of the Swedish ABBA Company, Henry Rozwadowski, demonstrated to the hotel management and invited guests the assembling, operation, and performance of the antenna. Thus there exists hope that some time in the future residents of the hotel will be able to avail themselves of the reception of programs by means of satellite television.

Extra TV Tax Not Foreseen

2600088 *Wroclaw GAZETA ROBOTNICZA in Polish*
3-4 Oct 87 p 1

[Article by (dob): "Satellite TV Without Additional Fees: Collective Antennas—Possible But Doubtful"]

[Text] The possibility of receiving television programs transmitted via satellites from West Europe elicits growing interest. The State Radio Inspectorate is granting a growing number of permits for the ownership of the related equipment as well as for the reception itself of satellite programs, but even so, for the time being, persons availing themselves of this miracle of technology are a tiny minority among all TV subscribers. The high

cost of the equipment and its unavailability on the domestic market are continuing barriers. We heard that a set consisting of an antenna, a decoder, and cable, when purchased for export from the FRG (that is, after deducting the so-called export premium), costs approximately 2,000 West German marks. And of course, this also requires a PAL-system television receiver, which in this country is also a great rarity.

In connection with the possibility of receiving satellite TV, one of our readers is worried (rather in advance, we assume) that this might require paying some special fee. As we have been informed by the State Radio Inspectorate, no such fee is being considered; the usual regular fee of 600 zlotys for radio and TV per quarter of the year will suffice.

Another question of concern to our reader (and surely not to him alone) is the possibilities for receiving satellite television by means of collective equipment shared among many subscribers, e.g., in a single street block or on the same floor of a building. For a situation in which a large number of lovers of satellite television living in, say, a 10-floor high-rise, would install, each independently, large and heavy antennas on the roof or, worse even, on balconies, is hardly conceivable.

It is technically feasible to install a collective antenna, and this would be a much cheaper and, to many, already accessible solution. In practice, however, it would be cumbersome to implement. The ordinance concerning satellite television specifies that permits may be granted to individuals. Thus if the antenna is to be installed for an entire building, all the tenants have to be prompted to apply for permits—and all have to receive them. This hardly appears realistic in the present conditions. Even if the regulations are changed, in any large community there will of a certainty be individuals who, without sharing in the cost, will tap without authorization the common installation.

Despite all these difficulties, perhaps this idea is worth trying, especially in smaller buildings?

New TV Transmission Station

2600088 *Rzeszow NOWINY in Polish* 2 Oct 87 p 2

[Article by (so): "Satellite TV in Stalowa Wola?"]

[Text] Two years ago, on the initiative of the Stalowa Wola PZPR City Committee and the Municipal PRON [Patriotic Movement for National Rebirth] Council, the idea of building a TV relay station was born. On 30 September this station was opened.

This is the first stage in the construction of a Stalowa Wola television station. Atop the city's tallest building, local steelworkers installed a platform on which was mounted a television antenna. The platform also has room for an antenna for receiving satellite television. The new television relay station will, for the time being,

improve the reception of Channel 1 of Polish Television only in the city itself and its environs, depending on terrain configuration. In the future, after appropriate facilities for magnifying the TV signal are installed, the radius of the Stalowa Wola relay will be several times as long. Programs from this newest station can be received on Channel 31.

1386

First Polish VCR To Be Produced

26000077e Warsaw RZECZPOSPOLITA in Polish
22 Oct 87 pp 1, 2

[Article by (WL): "First Polish VCR: From Kasprzak Works"]

[Text] (Own information) Before this year is over Polish MTV 100 VCR's (VHS system) will begin to be series-produced at the Marcin Kasprzak Radio Works. The first 500 units will be distributed among the most interested schools, houses of culture, and worker hostels;

thus, private buyers will have to wait at least until next year. In 1988 10,000 units are to be manufactured, including the new-design much lighter MTV 200 which will gradually replace the MTV 100 on the market.

The price has not yet been decided; most likely it will range at 300,000 zlotys.

Another new product of Kasprzak will be a VCR assembled from components manufactured in South Korea. This year, 3,900 units will be supplied to the market.

What will the first Polish VCR be like? Practice will show. At the moment there is no shortage of skeptics who doubt the validity of commencing the manufacture of models lagging behind their most up-to-date counterparts abroad and having little chance for competing with these. However, what matters is that on the Polish market these will be the first VCR's to be sold for zlotys.

1386

POLAND

Academy of Sciences, Military Cooperation Reviewed

26000111b Warsaw ZOLNIERZ WOLNOSCI in Polish
23 Dec 87 pp 1, 5

[Article by Colonel Antoni Nowak: "Improved Research Results: The Polish Academy of Sciences and Military Technology"]

[Text] (Own information) Problems of cooperation between military research institutes and the research laboratories of the Polish Academy of Sciences (PAN) were the topic of a session organized by the Directorate for Research and Development of Military Technology at the Military Institute of Armaments Technology.

The session, chaired by Chief Inspector of Technology of the Polish Army, Deputy Minister of National Defense General of Arms Zbigniew Nowak, was attended by: Division General Jerzy Modrzewski, undersecretary of state at the Ministry of Industry; Brigade General Jan Bobrowicz, chief of R&D work on military technology; Professor Wojciech Zielenkiewicz, secretary of Department III of the PAN; and Professor Alfred Swit, secretary of Department IV. Also present were: the commanding officer of the Military Engineering Academy, commanding officers of military R&D centers, and directors of the R&D centers of the defense industry.

The area of cooperation proposed by the Inspectorate for Research and Development of Military Technology comprises many domains common to the national economy and national defense. For example, the findings of research into the relationships between the condition of sea surface and the meteorological situation will be utilized in weather forecasting; the findings of studies of

the phenomenon of maximally effective dissipation of electromagnetic energy in various layers of the atmosphere could be utilized in technological solutions serving to transmit information or establish communications at particular points on the terrestrial globe. The jointly studied problem of unconventional energy sources looks promising. Exploration of these sources is necessary and indispensable in view of the shrinking resources of traditional fuels. In practice this is a present and future topic for a country lacking significant resources of liquid fuels. Of equally great importance is the work that can be done jointly in exploring improved semiconductor materials, composites with special properties, including composites suitable for bridge structures, and powder-metalurgical materials. An important domain of joint research is measurements of noise by the sound intensity method, voltage diagnostics by vibration and pulsation methods and estimates of the parameters of oscillations of machinery from the standpoint of determining critical frequencies.

Assessing the results of the session, Gen Zbigniew Nowak pointed to the existence of a still considerable latent potential for broadening the cooperation between military research centers and the Polish Academy of Sciences. This potential is harbored in the organization of labor, exchange of experience and scientific information, and the still untapped possibilities for joint use of unique research equipment. The exchange of information can markedly enhance the effectiveness of research and serve to eliminate erroneous concepts.

The session's participants viewed an interesting exhibition of devices for measuring flight routes.

BULGARIA

New Bulgarian 'Supercomputer' in Service in USSR

AU220834 [Editorial Report] Sofia RABOTNICHESKO DELO in Bulgarian on 20 January publishes on pages 1 and 3 a variety of materials, totaling approximately 5,000 words, on the new Bulgarian IZOT 1703E multiprocessor computer system, under the general title "Use of a Supercomputer in a Research Center." This roundup includes the following three main items: a 450-word newspaper's introduction; a 3,600-word interview with Stoyan Markov, "senior scientific fellow and leader of the 'High-Productivity Computer Systems' project," Vladimir Lazarov, "senior scientific fellow and chief designer of the ES 1307 computer," and Plamen Daskalov, "senior scientific fellow and chief designer of matrix processors," by Dimitur Delinski and Yuriy Popov; and a 650-word article by Krasimir Tsigularov entitled "The Logic of Development."

The unattributed introduction publishes the apparent text of a dispatch filed from Moscow and published in the U.S. journal AVIATION WEEK AND SPACE TECHNOLOGY on 16 October 1987 under the heading "Use of a Supercomputer in a Research Center." The report describes "a large Soviet computer using 10 parallel processors" now in use in Moscow's Space Research Institute, with the hardware supplied by the Bulgarian IZOT enterprise and the software developed by the Soviet Institute of Space Research.

The introduction states that this U.S. report prompted the newspaper to interview the authors of the joint Bulgarian-Soviet project, noting that "the IZOT 1703E multiprocessor system is the fruit of the joint work of specialists from the Central Institute of Computer Technology, the Coordinating Center for Information Science and Computer Equipment of the Bulgarian Academy of Sciences, and the Space Research Institute of the USSR Academy of Sciences."

In the report of the interview, Stoyan Markov first refutes the suggestion in the U.S. report that the USSR has to use parallel processor computer systems because it has no true "vector-type" supercomputers available, and cites the current development of the "Elbrus-1" supercomputer in the USSR. He then explains that supercomputers are essential for the further progress of many branches of science.

When asked to define the advantages of the new supercomputers, Markov explains that the latter, being able to complete billions of mathematical calculations per second, make it possible to construct and operate complex models for conducting scientific research without the need for costly and time-consuming practical experiments. Daskalov adds that the IZOT 1703E system owes

its high speed to the use of special matrix processors that simultaneously solve a number of subsidiary problems, the results of which are further processed in the main computer.

On the issue of the Bulgarian contribution to the project, Daskalov says that the Bulgarian hardware, though containing no novel components, "creates a promising architecture consisting of conventional devices that achieves a uniquely high speed of action." He explains that the system achieved 100 million floating-decimal-point operations per second in tests at the Institute of Space Research in Moscow in July 1987, and after further development is expected to achieve 1 billion such operations in the future. He also provides various technical details about the system.

To the question whether Bulgaria possesses the required technology for manufacturing more computer systems like this, Daskalov claims that Bulgaria has now developed her own computer know-how and production capacities, stressing that "the mechanical structures of the machines are very light-weight and well-designed," "the technology for the large multilayer circuit boards is purely Bulgarian and within the capabilities of our plants," and that "this is unique in the socialist community." He further asserts that "the value of the components of our machines imported from the West is less than 5 percent of the selling price." According to Lazarov, 35 such computer systems were produced in the Computer Equipment Plant in Bulgaria up to the end of 1987, and in 1988 it is planned to increase computer sales to over 100 million rubles.

When asked about the formation and working conditions of the project group, Daskalov comments that "it is well known that the work in our institutes is more poorly organized than in the world's leading scientific research centers," that they had to start their "attack" from a much lower base level than their Western competitors, which required "peak efforts from us," and that their success was only possible due to the "great help and complete trust we received from the highest positions in the party and the state."

In his article "The Logic of Development," Krasimir Tsigularov briefly describes the work of seven named young members of "the collective that created the first Bulgarian high-productivity computer complex."

CZECHOSLOVAKIA

Jakes-Gorbachev Confer on Expanding Cooperation

24000051a Prague TVORBA in Czech 20 Jan 88 p 19

It was no accident that the first trip of the newly elected secretary general of the CC CPCZ Milos Jakes was to Moscow. We are following the same route of restructuring and democratization of the society. Because USSR

embarked on this route earlier, it has numerous experiences from which we can learn. As Milos Jakes indicated in his interview with Czechoslovak newspapermen, "we wanted to reemphasize and demonstrate our support for the CPSU policy, which is also our policy, whether domestic or international and, in particular, take further steps to a more general development of cooperation in all areas of activity of our communist parties."

Developing a Long-Term Conception

It is not necessary to emphasize the extent to which our cooperation with the Soviet Union is indispensable to us. Alliance with the USSR insures our security—it is this year that we will remember the 50th anniversary of the ill-fated Munich Agreement: a costly lesson that demonstrated to us how easily could our prewar allies sell out our republic to Hitler. Economic cooperation ensures our economic development, particularly in the area of those raw materials which are so scarce in our country. It provides us with security and has helped us avoid the swings which the international market continues to go through and which were the bane of the Czechoslovak bourgeois republic. That was most apparent during the crises of the twenties and thirties. But it also transpires that the existing forms of cooperation have reached their limits. They are inadequate especially in regard to the qualitative changes brought about by the restructuring processes in both our states. Where do we go on from here then?

That is one of the basic questions which is being resolved, both within the area of relations with the Soviet Union as well as within the entire CEMA framework. We have to establish goals and develop concepts which will carry us practically to the end of the century and which would also help us resolve new tasks.

But to shift from interbranch to intrabranh cooperation, as Comrade Jakes discussed it, that is to say to exchange machinery, new technologies, and, in part, consumer goods and food product specialties, that requires new approaches. One of them is direct enterprise relations, creation of joint enterprises, and cooperation with the third world countries. Our first experiences are positive but they also demonstrate that various bureaucratic rules and antiquated laws stand in the way of a successful development of such relations. Within the CEMA framework, this turns into the general question of economic compatibilities and, on its basis, into the achievement of such a level of integration that would permit the benefits of one economy to be utilized to provide advantages for other economies of the socialist community.

Frankly stated, many of the good intentions—having to do with relations between CEMA member states—have so far been restrained by the limited opportunities of actual application, by problems related to reciprocal advantages, quality, timeliness and quantity of deliveries, by price comparability, and many other problems.

However, without a solution to these problems, it is difficult to envision an acceleration of progress. Our economy, in particular, is encumbered by a number of problems which have historically arisen from both objective and subjective causes. One of the most obvious examples is the range of our engineering products which is far too extensive with respect to the size and potential of our industry. There is no other way out but division of labor. Naturally such division that would benefit all of the participating partners. It is apparent that under the given conditions, the most advantageous relations are direct enterprise relations; and not only in production, but also in research, development, and its implementation.

That, among others, requires to know each other well as far as both potential and conditions are concerned. This is true also in the sense that partners who are close to each other personally can cooperate more easily. It would seem that individual socialist countries, ourselves and USSR included, should be familiar one with another in this respect—after all, exchange visits number into the millions. Nevertheless, in spite of these numerous cooperative relations, which tie together our krajs, okres, cities, individual enterprises, schools, and institutes, their quality does not seem to be meeting the test of the times. There is still too much formality, official exchanges of delegations and too little of that specific trait that characterizes cooperative relations, namely direct acquaintance and exchange of experiences and opinions. This applies to all levels, from high level political officials to high level management and down to the individual working person, the individual citizen of both countries. It is not only a question of antiquated forms of contact but a question of adjusting many of the rules limiting such direct and productive relations.

Cooperation in All Areas

In this we are also facing the fact that much closer attention has been devoted to the development of economic cooperation and less to cooperation in other areas, particularly in the area of superstructure—culture, arts, education, and information media.

In the past, various areas of cooperation were assuming a fairly formal character, a trend which led to simplified views and slogans. To free these relations from such formalism means to give them a more personal character. We must translate the fraternal ties of our politics into the friendly ties of personal relations. If the individual human being represents the main link in restructuring, then these relations represent the basic condition for a specific, energetic, and effective cooperation. Suppose, for example, we were full of admiration for the many things seen at the "Soviet Russia" exhibition, let's say for the work of Soviet surgeons, then the question arises: why is it that we discovered those things only then, although they had been in existence for many years? Had none of those thousands of people who had travelled to the Soviet Union never heard about it? On the other

hand, our Soviet comrades are also admitting that many of the new discoveries they made in our country—discoveries which have a deep tradition in our country—remained, nevertheless, unnoticed. Naturally, we cannot resort to mechanistic exchanges, but even here we must utilize the creative potential of our times.

Active Participation in the World Dialogue

When we speak about division of labor in the various areas of our economic and domestic policies, it is no less important to join effort in ensuring favorable external conditions of our foreign policy developments. For example, the Soviet efforts at ensuring peace and, particularly, nuclear disarmament, is not the exclusive territory of Soviet-American relations and other states can make a substantial contribution. In support of this effort, to create a necessary atmosphere, as well as in our own initiatives, we must take specific steps which are conducive to such favorable international spirit. After all, the liquidation of two classes of nuclear weapons affected us directly. Not only because these weapons which have been placed in our country by the Soviet Union with our consent and thus are subject to controls but in a broader sense in that they are creating room for further disarmament steps in Europe. Our republic lies in a particularly sensitive area of contact of two military groupings. It is a pleasure to know that in this sense we have developed a joint initiative with the FRG at the level of political parties to include the west German SPD. One other example is the proposal to call an Europe-wide economic forum which we have submitted at the Vienna follow-up meeting as indicated at another place in this journal. But there are more areas in which we can take action one such possibility was pointed out by Milos Jakes in an interview with Czechoslovak newspapermen: To arrange a world-wide, or at least Europe-wide, conference of educators with the goal of intensifying the youth education on peace on the occasion of 400th anniversary of J. A. Komensky. Many useful themes were publicized by the leaders in our culture and arts; for example, at the Budapest Cultural Forum arranged in the framework of follow-up actions to the Madrid meeting. Even if we did not succeed in coming to a consensus on the final document in Budapest, it would be useful, if these initiatives would not get lost and if we show enough energy to bring about their realization.

This coming year is significant for us with its many historical anniversaries. It should not only be stimulating to look back, it should become an impulse to active participation and creative initiatives in which we can demonstrate our maturity particularly of our cultural areas. These too, are stimuli and ideas arising for all of us from Milos Jakes visit to Moscow and his meetings with Mikhail Gorbachev. They relate to the necessity that we make restructuring into an issue that concerns all of us. A restructuring within ourselves.

Conceptual Changes in CSSR-USSR Cooperation Viewed

24000051b Prague HOSPODARSKE NOVINY in Czech
22 Jan 88 pp 8-9

[Article by Engr. Karel Diba, CSc., Engr. Josef Kreuter, CSc., and Engr. Adolf Suk; "At the Treshold of a New Era"]

[Summary] Authors analyze the national economy with the view to overcoming current stagnation. They are particularly interested in the CSSR-USSR and CEMA international economic relations.

They see that the basic outline of development of the two economies will be essentially similar, marked by intensification of the economy, without overlooking the experiences gained thus far. The main difference is the size of the respective economies. While the Soviet development strategy is generated primarily by internal factors, the CSSR relatively small but industrially more mature industrially developed economy has its development tied to an effective international division of labor.

Practice has demonstrated that trade structure must change with the latest conditions and trade relations as when the Soviet Union was forced to export more of certain commodities, particularly oil, to capitalist countries to earn hard currency for import of vital food and modern technology.

A problem arose as the CSSR demand for Soviet raw materials and energy was increasing together with demand in the Soviet Union while CEMA and CSSR technological developments have not kept up with the Soviet needs. This resulted in "hardening" of Soviet sales conditions with respect to CSSR as a compensation for a relatively low quality of our products. This unfavorable exchange had negative effects on our economy and contributed to the stagnation during 1980-1985. These developments in the mutual relations resulted in a paradox of neither country satisfying the needs of the other.

The CSSR export of goods and services to the USSR thus requires a fundamental diversification. In the area of primary products, the possibilities are limited. Logically, the attention should be aimed at a diversification of exports of all types of goods and services. Primarily, our engineering product exports should be limited relatively and in absolute terms. That is a basic condition for an advance in the technology of our engineering exports of selected products and of our technological base and narrowing of the gap between our and the world standards.

There is no doubt that the specific volume and structure of our machine exports, its technology and economic characteristics will be effected by the restructuring in the

SHARE OF CSSR TRADE WITH USSR IN TOTAL FOREIGN TRADE TRANSACTIONS

		1956	1965	1975	1985
CS export to USSR in total CS exports	mp	31.0	38.0	33.0	43.6
	cp	30.7	33.2	33.9	44.0
CS imports from USSR in total CS imports	mp	32.9	35.7	32.1	46.0
	cp	30.2	32.0	31.6	33.4
CS import of fuels, metals and minerals from USSR in total CS imports	mp	41.4	59.1	63.3	83.3
	cp	39.9	54.8	64.0	73.3

Source: Calculations based on the Statistical Yearbook of CSSR.

mp = market prices

cp = constant prices - Tabulated in foreign currency Kcs equivalent

USSR. But we must make sure that we maintain long-term comparative advantages activated by the expected restructuring of our economy.

From this viewpoint, we should already start exporting engineering products which would correspond to the modernization of the Soviet capital base. In the spirit of new measures in external economic relations, continued changes should become more and more subject to direct negotiations between our manufacturers and Soviet users.

However, even after the changes in management, the raw material trade will remain under central controls in the USSR. This must be taken into consideration and effective ways found to counter any problems associated with the mutual trade.

The share of engineering and consumer goods in particular should increase in our trade with the USSR not only as measured by volume but in terms of higher prices received for higher quality products. We must actively search for a spot in the Soviet market by offering goods and services in high demand which are, for our standpoint, cost effective.

We should, for example, develop a program for increase in Soviet tourism in the CSSR which would be mutually beneficial, i.e. we could use rubles thus earned for additional energy resource purchases.

The expected higher dynamics in the Soviet agrocomplex also offer a number of advantages for the CSSR. It is evident that only seldom will we be exporting our food products to USSR and that it would benefit both sides if we could export more equipment and services to accelerate the development of Soviet agricultural production.

In this light we must also view the potential contribution from the direct relations between our and Soviet enterprises, although we will have to overcome a number of problems of nonstandardization and lack of khozraschet [cost accounting system] implementation causing deformations in the pricing structure, for example. Further, direct relations cannot very well be conducted under the existing administrative-directive conditions; these would only lead to pure formalism in the relations. In contrast, with a rational economic mechanism with realistic pricing and currency relations, these direct relations could become a significant instrument of fast efficient dynamic of mutual economic relations and contribute significantly to both economies.

Even more complicated appears to be the situation in the area of structural changes in the Soviet exports, or our imports from the USSR, from our viewpoint. It can be expected that even in the future, a large share of Soviet exports to CSSR will continue to be raw material and energy items in spite of our projected reduction in such imports, with the exception perhaps of natural gas. The problem then is to find mutually satisfactory solutions.

Based on CSSR needs, natural gas imports should increase to about 22 to 24 billion cubic meters. Mutually satisfactory conditions for such increases should be

rapidly studied in nontraditional solutions [i.e. tourism earnings or convertible currencies to be used to pay for the gas]. It would also make sense to import Soviet capital and consumer electronic products, there also appears to be a market here for Soviet automobiles. In the latter case the possibility exists for a cooperative effort with the participation of third party automobile manufacturers and licensing.

Of course, some of the noted examples are not absolute, they are more just tendencies where we have to find long-term comparative advantages for both economies which are in a constant state of flux and will continue so. The most important is to maintain a world-wide competitive capability, that is to say, presence on the world markets. This means, for both of our economies, to cooperate with capitalist countries in both, processing industries and services. In this context, we will have to overcome antartic approaches at the levels of national economies but the CEMA as a whole as well where import substitutions is considered to be desirable regardless of the cost.

To avoid continued relative backwardness, it will be necessary to create very demanding competitive environment in our own domestic markets. Yet we must avoid the danger of radical changes which the restructuring of Soviet economy might bring about. It is a dangerous illusion on our part to depend on extensive market possibilities of our traditional export programs, particularly in engineering which are headed in the opposite direction—into metallurgy, heavy engineering, mass chemistry, transportation, etc., which were meant for the reproduction of inefficient heavy production structure considered by the Soviets to be intolerable. With the view to the weighty effect of the Soviet import demand on the Czechoslovak economic growth and employment in general, the acuteness of a revision on our part is obvious. Those institutes, enterprises, and branches which depend on the continuation of run-of-the-mill (but basically fully obsolete) production and export programs, might soon find themselves face to face with a complicated situation. The lesson from a today all too obvious fact that one stage of CS-Soviet relations, which survived several decades, is definitively coming to an end could bring the positive recognition that there is a positive solution to this problem if we start immediately

HUNGARY

Corporate-Bond Market Runs Into Difficulties

25000052 Budapest HETI VILAGGAZDASAG
in Hungarian 21 Nov 87 pp 50-51

[Article by Gyorgyi Kocsis: "The Domestic Bond Market, Warranty Repairs"; first paragraph is HETI VILAGGAZDASAG introduction]

[Text] At the Budapest Bank Corporation (BB), one of the principal traders in the domestic securities market, there is a huge volume of newly issued bonds waiting to

be sold. More and more bondholders are coming to the bank with sell orders. The financial institution that handles a significant proportion of the trading in bonds is resorting to novel solutions to turn the unfavorable trend around.

An unusual phenomenon, alarming in the opinion of some experts, has surfaced in the already five-year-old domestic corporate-bond market. The market for stocks, which only enterprises may buy, remains bullish as before (in other words, stock prices and the demand for stocks are rising continually); but the corporate-bond market for individual investors is unprecidently bearish (i.e., bond prices are falling).

At the BB, considered one of the most active traders in the corporate-bond market, for example, bond prices have fallen by between 3 and 4 percent on average during the past two months. In the case of one-third (or more than 50) of the bonds listed by the bank, the so-called average price (the mean of the asked price and the bid price) is in fact lower than the par value of the bonds. Desiring stability for their investment, many bondholders of modest means (in the bank's experience, about half the individuals who bought bonds fall in this category) have become alarmed by these developments and want to get rid of their bonds.

This year alone, through the end of October, nearly 13 billion forints' worth of corporate bonds available to individuals were newly issued, which was twice as much as during the preceding four years combined. (The latest huge, three-billion-forint, issue was by the OTP [National Savings Bank], to finance housing construction.) Amidst the spending spree on goods and real estate in recent weeks, this huge volume of corporate bonds has not found buyers for the time being. The BB, for example, has amassed a 900-million-forint portfolio of various new issues it has not been able to sell so far. The volume of corporate bonds the bank has bought back from individual investors is 400 million forints, several times the usual volume. Last week, for example, 40 million forints' worth of bonds were offered to the bank for sale, and the bank has bought them. At the Investment and Trading Subsidiary Bank (Befektetesi es Forgalmi Leanybank), another principal trader in the corporate-bond market, deputy director Mrs Janos Mohacsi refused to give us any specific information on bond volumes. All she said was that the subsidiary bank has not noticed any negative trend.

Zsigmond Jarsi, the head of a main department at the BB, explains: "The new developments have forced us to take quick action, so as to prevent a collapse of the corporate-bond market for individual investors, which was just beginning to flourish. We put together within a few days a program that seems to have also the financial administration's approval. The essence of this program is to support the corporate-bond market's operation even at the cost of temporary losses." Under this program, the

BB is attempting to persuade the enterprises and institutions that issued bonds to offer their bondholders an interest bonus for 1988, similar to the interest bonus on OTP (National Savings Bank) savings accounts. Furthermore, the BB is offering to sell corporate bonds and guarantee their market price for a specified period.

The latter scheme is something entirely new in the domestic corporate-bond market. In essence it means that the bank will buy back and guarantee a yield on the bonds it sells to individual investors, provided they hold the bonds for the period of time specified in the contract. Computed on an annual basis, the bank is offering [current] yields of 7 percent on bonds held for three months, 8 percent on bonds held for six months, 9 percent on bonds held for nine months, and 10 percent on bonds held for 12 months. Which means that the investor is guaranteed the same income as if he had deposited the money in a savings account. Admittedly, this security also means that the investor loses his chances of obtaining even more income should the bond prices not fall after all. Thus if someone invests 10,000 forints in corporate bonds bought from the BB, and the market price of the bonds is guaranteed for 12 months, then after the year the investor gets a 10-percent yield regardless of what happens in the market. In other words, he gets back 11,000 forints. With this type of transaction the bank wishes to reduce the small investors' risk and fear of risk, and to prevent an investor from getting less for his bonds after three months than what he paid for them. Incidentally, it is estimated that a significant proportion of the investors who buy corporate bonds will avail themselves of the bonds' guaranteed market price that the BB will be offering as of 16 November. It is not yet known whether other banks will also employ similar means to stimulate the market. For a proportion of the securities is being traded by other financial institutions, and their prices may differ from the prices quoted by the BB, which are also the prices published in our journal.

So far as the interest bonus is concerned, last week the BB sent letters to the firms and institutions that issued bonds, recommending that in 1988 they add an interest bonus of 3 percent to the bonds' regular interest (which is about 11 percent on average) so as to keep their bonds attractive. By 14 November, 13 firms—the ones whose profits enable them to do so—have replied, informing the bank that in 1988 they would pay their bondholders interest bonuses of 1 to 4 percent. Thus the BB is raising the prices of the bonds of these firms, as of 19 November (see our table of corporate-bond prices on page 56 [not reproduced]).

Other firms have undertaken to buy back from the BB their bonds that have accumulated in the secondary market. The bank wishes to encourage this also by waiving its 2-percent commission; in other words, it is offering to sell their securities back to the issuers at a lower sales price. For example, the BUBIV (Budapest Furniture Industry Enterprise) has decided to redeem its

approximately 1500 bonds now at the bank; and has pledged to buy back continually until 31 March, up to a limit of 15 million forints, the BUBIV bonds for which the bank would be receiving sell orders. Other firms have decided not to give an interest bonus, but to offer coupons redeemable for merchandise at their stores.

For the time being it remains an open question how the corporate-bond market will respond to these measures, and it is not yet known whether the other financial institutions trading in securities—mainly the Investment and Trading Subsidiary Bank, the National Commercial and Credit Bank (Országos Kereskedelmi és Hitelbank), and the OTP—will follow the BB's initiative. It will be remembered (see *Heti Világgazdaság*, 25 Jul 87) that the 22 securities-trading financial institutions issued a statement in July of this year, pledging to cooperate in their efforts to integrate and stimulate the securities market.

This agreement ought to inspire the partners to coordinate their actions by all means. But because merely an agreement in principle exists as yet, definite information on the ways and means of cooperation is lacking. From the Investment and Trading Subsidiary Bank we have learned merely that they would not remain idle if the Budapest Bank introduced the measures outlined above.

1014

Significant Unemployment Viewed Imminent

Acceleration Cannot Be Delayed

25000041 Budapest MAGYAR HIRLAP in Hungarian
15 Oct 87 p 3

[Interview with Dr Pal Matyas, a department head at the State Wage and Labor Relations Office by Agoston Braun: "Government Program and Workforce Mobility—Acceleration Cannot Be Delayed—More Rational Employment Policies Needed"]

[Text] By necessity, the government's evolutionary program and the structural transformation of the economy involve manpower relocation. The process has begun already: occupational policy experts have acquired some practical experience. We asked Dr Pal Matyas, department head at the State Wage and Labor Relations Office concerning these experiences and the tasks that lay ahead.

[Question] Publicly available data indicate that each year more than 10,000 people would have to change jobs and activities in order to arrive at the desired level of economic upswing. Manpower relocation takes place at a slow rate for the time being, and unfavorable processes will continue to prevail unless the functional turnover gains speed. What is the opinion of occupational policy experts in this respect?

[Answer] I fully agree with your statement. I would like to add though, that structural transformation would be accompanied by manpower relocation anywhere in the world. And the fact that national organizations must prepare themselves for this process with appropriate strategies and tactics is not a unique Hungarian phenomenon, either. They must thoroughly understand the daily events, especially when workers suffer directly as a result of governmental actions. Having said that, I would note that our work was not too peaceful prior to transformation, either. Annually some 700,000 individuals change jobs at their volition, and if we consider demographic changes, i.e. those who start their career and others who retire, then this figure increases to one million.

The effects of preparing for structural transformation could be felt already. The demand for trained workers has not decreased, but unskilled workers have an increasingly difficult time finding work. An increasing number of enterprises tries to put an end to inefficient production, and by way of exploring internal reserves, through reorganizations, and through retraining they face unavoidable processes. At this point we cannot speak of a full breakthrough, but in terms of employment policies half of the turnaround has already been accomplished.

[Question] Government financial support had a lot to do with this, I assume.

[Answer] At the beginning we had to persuade employers to take advantage of available training funds. That was in 1982 and 1983. In comparison, last year we spent more than 40 million forints on retraining some 8,500 workers. Another new occupational policy feature is the availability of reemployment assistance. In the aftermath of liquidations or major layoffs due to reorganization, the unemployed continue to receive their past average wage for a period of six months. The compensation continues for another three months at a 75 percent level, then it drops to 60 percent for the final three months. These funds are provided and guaranteed by the state. Quite naturally, those temporarily unemployed must keep in close touch with the employment office. If a displaced worker does not accept a favorable offer, financial support is discontinued.

Well, the enterprises did not take advantage of this opportunity either. Many continued their workers on the payroll, or dismissed them gradually, in groups of less than ten persons. As I indicated before, financing the unemployed would not have burdened the enterprises. For a while we reminded the enterprises of the available opportunity, but by now the "grace period" has expired. In the future we will use legal means—the kind of support received during the period of employment search does make a difference from the individual viewpoint also.

[Question] A similar lack of understanding was manifested in regards to the possible introduction of public works projects.

[Answer] Indeed, there were some who believed that we did not need such projects, and that having such projects would be a superfluous and a waste of money. Real life experience proved however, that those who opposed the idea were wrong. In many settlements and regions of the country some undertrained persons are squeezed out from all types of employment opportunities. We cannot deny these people their livelihood, just as we could not, for instance, to those were just released from prison. The other aspect of these projects is that they freed these settlements and regions from some community concerns by completing some projects that could not be accomplished for years. This opportunity has been available for the past six months. The originally budgeted amount for these purposes was 30 million forints, providing jobs to somewhere between 900 and 1,000 people. Requests received so far show a need for 40 million forints, which would provide occupation for between 1,200 and 1,500 people.

It may seem as if I had changed the subject—but this is not so. Structural change has the effect of even further depreciating untrained labor, and it could easily happen that individuals with a flawless background also would have to choose this kind of work temporarily, until they find different employment. At any rate, our calculations show that come next year, 100 million forints will be needed to support this project.

[Question] One could assume that this alternative is being chosen by those living in areas which experience employment tension anyway.

[Answer] Within the country we show seven or eight areas like this—such as the county of Szabolcs-Szatmar, and the Northern part of Borsod. For these areas there also exists a separate, comprehensive plan. But I did not have in mind these areas only—after all, in a small settlement the liquidation of a plant with 50 employees creates greater problems than the liquidation of the Raba factory in Budapest, which employs almost 1,000 people. And as long we have reached this point in our discussion, I must say that the cases of Rudabanya, Gyongyosoroszi, Ozd and Veszprem all provided lessons, and therefore should be viewed as models. The lesson learned is that preparatory work must be very thorough and circumspect, and irrespective of how important the economic considerations may be, human lives can never become secondary considerations. Not even occupational policy experts can settle such matters by just throwing in a couple of ideas. The examples proved that there are some who must be retrained, others must only be trained. And there may be solutions by which new workplaces are created. Regrouping of the workforce may take place within an enterprise or between enterprises, and there are some who cannot change their workplace, those must be provided early retirement. But the employees too must change their attitude, because the expectation of sticking to the same occupation and only at the same place can no longer be

satisfied. However odd it may seem, one must recognize that the days of "I'll quit, because with an eighth grade education I can earn 8,000 forints as an unskilled laborer anywhere" are gone.

We, of course, must continually evaluate these lessons, and must be able to see beyond daily events. I can mention one of our initiatives: we plan to extend our retraining support also to cover people who are not employed. Our goal is to minimize the time of uncertainty for everyone; if an enterprise has someone trained already, one can be certain that there is a job awaiting that trainee. We must not abandon the idea of creating new workplaces either. In this respect Szabolcs county was leading last year: they attracted enterprises to establish economically efficient plants in the county. The viewpoint of others belongs to the past: "we have an available workforce, let the employers come here." The foregoing perhaps demonstrates that no one can consider this as a realistic expectation.

[Question] Also your statement proves that the government's evolutionary program has not become a part of everyone's consciousness, and that transformation must be accelerated as soon as possible. Using different terms, I would like to restate my initial question ...

[Answer] During the second half of last year, and during the first half of this year some 10,000 persons "moved" in response to enterprise initiatives. We estimate that next year the structural change will multiply this phenomenon five- or six-fold, or even more, perhaps. For the time being, however, I cannot predict how much of this change will take place within the individual enterprises and how much between the enterprises. This depends on changes both in our internal and external situations. Only one thing is certain: the change can no longer be delayed.

"No Excuse!"

25000041 Budapest NEPSZABALSAG in Hungarian
21 Oct 87 p 3

[Article by Eva Terenyi: "Matters That Cannot Be Excused—Notes From a Party Executive Committee Meeting"]

[Text] "We smelled powder for the first time in conjunction with the VAEV [Veszpremi Allami Építészeti Vállalat (Veszprem State Construction Enterprise)] case, but in the end it benefited us: we are only at the very beginning of a series of tasks. Having sensed the winds of the storm, with this conference too we tried to determine what our tasks were.... There is no choice regarding our basic position: unemployment, as a determinant of social coexistence is unacceptable. This is contrary to the opinions held by some economists who view unemployment as some kind of a "charitable" tool...."

This thought was expressed during debate at the latest session of the Veszprem county party executive committee, sort of summarizing the debate. Yet at the same time, the statement also manifests the way county party organizations approach this problem. It is this outlook that makes it worthwhile to dwell for a while on the Veszprem example.

The question the executive committee asked itself was this: what responsibilities and what political functions does the party have with respect to the continued employment of the workforce that is left without jobs as a result of structural transformation? Above all: what characteristics did employment in Veszprem assume in these days?

What Is the Party's Responsibility?

In a manner similar to the national situation, demand for labor has diminished in Veszprem. In the first three quarters of 1987 the number of job vacancies was 25 percent less than in the same period a year before. Within decades this was the first time that a conscious workforce reduction took place which grew from an annual planned reduction of 280 persons to 726 persons by early September. Members of certain strata experience particularly severe hardship in finding jobs; the chances of those starting careers has diminished year after year, and for the first time this year there will be fewer vacant jobs than there will be applicants. Job opportunities have further deteriorated for the unskilled, for those with low educational qualifications, for the recently disabled or handicapped, and for those who are unable to commute—primarily young mothers. There was increased concern about providing jobs to job seekers who drifted to the peripheries of society, and this concern was not limited to Veszprem. This, however, is again a different matter.

According to Veszprem county employment agencies 427 persons were awaiting placement in September 1987. This figure does not include those whose job concerns will begin only following the conclusion of VAEV's liquidation. A majority of the 3,000 VAEV employees has found appropriate jobs since, from among these 500 found new jobs as a result of an organized workforce relocation. Nevertheless, the case of several hundred VAEV employees is still pending. About 280 employees are presently within the six month period after having received notices of dismissal, and still unsettled is the situation of some 300 persons who are part of the liquidation team, and another 250 persons, who are on temporary leave for various reasons, such as maternity leave, childcare concerns, or military service.

VAEV's case made nationwide headlines: at last there was a case in which a decision was reached to liquidate a large enterprise without designating a legal successor. Understandably, the related proceeding provided lessons—including several negative lessons—primarily to

the county's people. As discussed at the executive committee meeting, VAEV's case demonstrated just how inadequate the occupational and socio-political systems are, if an enterprise of this size must be liquidated. There is no plan, for instance, for the continued employment of the handicapped. Signs indicate that by no means is this problem limited to VAEV. The enterprises have no interest in providing jobs to the handicapped. The fact that for the time being Veszprem county is not experiencing severe problems in this respect may be attributed only to the commitment and the humane outlook of leaders. In the future, however, it will be impossible to resolve these problems through campaigns only. In other words: in this respect too some incentives must be provided to enterprises. Although in a different context, those who spoke at the executive committee meeting raised the issue that incentives were inadequate to encourage the employment of those at the start of their careers.

Limited Options

The debate revealed that generally speaking, foremost on the business organizations' minds these days is workforce reduction. An enterprise attitude disclaiming moral responsibility for hardships caused by workforce reductions can also be sensed. Needless to say, this attitude is not a result of inhumane attitudes, instead, it flows from the fact that the present, and even more so, next year's regulations stimulate enterprises toward thrifty manpower management. The effect of these regulations will obviously manifest itself in further workforce reductions. Predictions for Veszprem, 1992 envision 6,000 young job applicants as compared to the present 4,600. Experts believe that even if all the jobs that become vacant for demographic reasons are filled, (and this is a highly questionable hypothesis,) each year there will be a manpower surplus of 600 persons.

It was stressed at the meeting that in order to manage the existing and anticipated tensions, a larger number of more effective remedial options is needed. Meeting participants added that it is apparent that the resolution of a variety of workforce-related concerns and problems cannot be perceived without taking into consideration a broad array of socio-political issues. For this reason several participants expressed concern over the announced stabilization program which would further limit the available action choices to enterprises. This, according to present indications, As a result of withdrawals even the well-functioning enterprises would not have a chance to realize much-needed developmental projects. In contrast, both the CC's and the government's program suggests that efficient manpower utilization does not only, or not primarily translate into "freeing" ourselves from the workforce. It also means the selective development of production. We must not permit that the few years in which we stabilize the economy become a period of reproduction—a condition that would hardly

encourage a subsequent evolution and an economic upswing. Practical results contradict this political intent in places where they think that way, some participants said.

There was much discussion about manpower retraining, the regrouping of the workforce, and the practical possibility of accomplishing these. Most certainly, these processes should accelerate with the acceleration of structural transformation. Supportive of this idea is the fact that while there is a labor surplus in industry, there is an acute labor shortage in other fields, such as in health care and in commerce. This applies both to Veszprem and to other parts of the country. But as one commenter warned, we must be realistic, because it is hardly conceivable that for instance a skilled chemical worker could become a good nurse or a good merchant. In the same vein, it would be difficult to perceive that a Veszprem chemical worker would move to Kazincbarcika, or say, to Tiszazsderkeny in order to find a job. This is so not only because one generally adheres to the place where he lives. There are apartment concerns, problems about finding a job for the spouse in the same locality, nursery and school problems regarding the children, and so on and so forth. In other words, inter-regional workforce regrouping has some infra-structural features which the concerned councils are not prepared to deal with as of today. But let us assume that the husband is willing to relocate by himself. It is socially undesirable to split up families for indefinite periods of time.

The executive committee took the position that as the Veszprem county workforce begins to search for job opportunities, efforts should be made to reemploy that workforce more or less locally, but by all means within the county. The problem should be resolved among the existing organizations and by creating new workplaces in diverse ways, in small organizations, industrial cooperatives, as well as in industrial organizations serving the agricultural sector. These jobs should provide work that is intelligent, useful and efficient, both from an individual and from a societal viewpoint. The promised financial support to finance such jobs is uncertain at this point. The uncertainty is aggravated in Veszprem county by a one-sided, predominantly extractive industrial structure. There hardly exists a future change in this respect, nevertheless the production structure of the individual enterprises can and must be changed.

Changing the Way We Think

Above all, however, we must change our way of thinking. Industry leaders should not think about giving jobs to the surplus workforce before the existing workforce becomes productive and efficient. On the other hand, the workers' outlook must also be changed. Even under present conditions, job seekers avoid workplaces which have more than one shift. For the time being, at least, it seems to them that they can find better, more comfortable jobs. This statement is supported by the fact that a number of skilled workers formerly with VAEV rejected jobs

offered to them. These jobs would have paid 5,400 forints. The fact is that such jobs will be increasingly rare in the future, as workforce mobility accelerates.

Considering the complexity of the situation, we may ask what should be viewed as the county party leadership's most important function. Most certainly, the party must endeavor to formulate a completely new kind of coordinative relationship with economic units and political organizations, maintaining a constant focus on, and wisely managing the socio-political impact of workforce mobility. This effort on behalf of the party must not counter economic rationale. Just the opposite. The party must watch that economic rationale does not counter socio-political considerations. Because there is no excuse for permitting socio-political considerations to lapse.

12995

Entrepreneurial Activity Within Main Working Day Urged

Enterprise Deputy Manager's View

25000042 Budapest *MAGYAR NEMZET* in Hungarian
29 Oct 87 p 1

[Interview with Barnabas Zalan deputy general manager of Raba Railroad, Car and Machine Factory, by Andras Drusza]

[Text] As a child of great expectations of the Hungarian economic reform process, the 1982 regulation with its decrees made the creation of different types of small enterprises possible. These quickly became a great success; the number of both the small enterprises and their employees grew manifold year by year. According to an investigation the KNEB [Central People's Control Committee] conducted in 1985, the number of small enterprises grew tenfold in 4 years. In the midst of this spectacular boom, not a single enterprise workers' business partnership has formed and none is operating at a factory of such a decisive size as the Raba Railroad, Car and Machine Factory, which usually urges or even anticipates reforms. Why not?—we asked Barnabas Zalan, the deputy general manager of Raba.

[Answer] The contradictions that accompany the existence of the enterprise workers' business partnership can already be fully seen and felt, making our earlier decision understandable. It is certain that these forms will not solve the problems of the domestic economy, including the problems of the structure, employment and, consequently, of the efficiency of the industry; just the opposite... It is already admitted at other places, too, that two systems of work and value have been born within one economy, and even within one company. Not only did this fail to ease the strange contradictions of employment, but even strengthened them. There is overwork topped with enterprise workers' business partnerships, overburdening of individuals and employment problems, and even "in-house," temporary unemployment at

the same place and at the same time. In certain occupations, the enterprise workers' business partnership really helped with temporarily increasing workforce capacity, but today, when we are talking about overemployment in the range of a hundred thousand, it can be seen that neither did it ease the tensions nor does it serve the restructuring of the workforce.

[Question] It cannot be denied, however, that the enterprise workers' business partnerships did and do play a role in more efficient employment, in the improvement of organization and the increase of output. Does the Raba not want to make use of these advantages?

[Answer] Absolutely. We try to. The efficient operation of the machinery, available mostly for hard currency, is in our best interest. We have defined our goal as the coordination of performance and compensation for the whole collective, and we support this goal by strictly pegging wages to performance. We know only one type of entrepreneurship, and that is the company. We want to achieve that all the advantages and basic principles materialized in relationship with the enterprise workers' business partnership can be realized during the main working day, on the level of [state] companies and the national economy.

[Question] The enterprise workers' business partnership, however, affects adversely this endeavor, since it is well-known that enterprise workers' business partnerships pay at least twice the usual wage for the same performance...

[Answer] Certainly, and this makes pressure on the part of workers understandable. The fact that we do not have any enterprise workers' business partnerships may well have played a role in the fluctuation of our workforce. People were slipping away mostly from those plants where they could earn good money with less work in the vicinity. The well-known case of our Kispeszt factory showed the consequences. However, it has to be stressed that the large majority of our colleagues looked at their long-term interests just as the company also has to see beyond the temporary advantages of the day. And let me also add that, even without enterprise workers' business partnerships and even with our well-known wage policy generally known as extraordinarily strict, we have been able, with the efficiency of our work, to create the funds for approximately 10 percent wage increases for years.

[Question] So, do you think that the wage regulation of the past years has given sufficient incentive for better performance?

[Answer] No. If it had we would not have to talk about restoring the importance of the main working day now. At the same time, the enterprise workers' business partnership has disrupted another important function of wage regulation, the balance of purchasing power. I do not know the exact statistics, but about 20 percent of the presently outflowing purchasing power comes from

enterprise workers' business partnerships. And there is almost no limit to it! Therefore, it is evident for me that in today's Hungary it is the industrial workers with their income earned outside the main working day which causes overconsumption. The burdens of inflation, in turn, weigh most heavily on the wages earned during the main working day, in addition to pensions. If this situation becomes permanent, it would lead not only to problems in supplies and purchasing power but would pose the threat of cutting back the performance of the few really efficient enterprises, too. It is easy to foresee where this would lead to...

[Question] In the light of all this, what do you think about the regulations expected in the near future?

[Answer] This question takes us far beyond the problem of enterprise workers' business partnerships. Wage regulation is just a part of the general regulation. If the idea of the reform of regulation techniques to be introduced in 1988 can be implemented, then the proportion of the resource factors to each other, that is, the combination of human and machine work can be measured uniformly on a forint basis. If we achieve that the forint will finally be "convertible" at least domestically, it will automatically render the distinction between the different forms of outflowing wages unnecessary.

[Question] What do you mean by domestic "convertibility"?

[Answer] I mean that there be a uniform forint, which can be used for all purposes. If the money can fulfill its functions as a means of fair value measurement, trade and payment, then the relationship of work and its product can be consistent within the 8-hour workday and after that, and our economy does not need to be over-regulated with different simulations and restrictions...

View of Industry Ministry

25000042 Budapest *MAGYAR NEMZET* in Hungarian
21 Oct 87 p 3

[Article: "Socialist Brigade, Autonomous Working Group, Internal Enterprise"]

[Text] It is a key question of the future if the Hungarian industry is able to increase its output and achieve better results than the present ones. The various forms of enterprises operating during the main working day may play an important role in helping to achieve this goal. As it was said at yesterday's briefing, the Ministry of Industry also considers the spreading of these forms very important. Related measures are basically to be taken by the companies. The task of the central organs is to gather experience and work out guidelines and recommendations for solutions that promise success and for making these widely known.

In addition to the increase of output, the growth of main working day enterprises may also serve to restore the moral and, first of all, financial prestige of the main working day, to build a sense of ownership, to improve the ability to take initiatives and to enhance the equality of chances.

According to the ideas of the Ministry, three forms can be envisioned. The autonomous working group would be a self-organized collective formed to carry out tasks given by the company management. The group would choose its own leader, decide about the admission of new members and the exclusions. It would organize its own work and distribute the available wage funds among the members.

According to another solution, socialist brigades could also be regarded as enterprise groups. The legal regulation in force provides adequate framework for their development in this direction. The options of implementation: the brigade makes a contract to perform a specific job and to receive the corresponding financial compensation; the brigade undertakes certain jobs which are evaluated quarterly and paid for subsequently; the brigade chief pays deserving members from a "checkbook" of a determined amount every month.

The third, most developed and virtually unprecedented type is the internal enterprise, which carries the most resemblance to the contracted businesses widespread in domestic trade. It can be introduced into internal units which employ a maximum of 100-150 people and which have a separate organizational and accounting system. Contracts can be won at tenders. The obligations and the rights of the contractor are specified in a contract. All the expenses related to the unit's activity are charged to the unit, but also all the revenues related to its activities have to be credited to it. Periodically income statements are prepared. The personal income of the contractor is the amount remaining after the company's and the workers' (who are employed by the company) share is deducted from the extra output. The contractor does not receive any guaranteed wages or income. The contractor can be a work group, too.

In order to make the above-mentioned forms a widespread as possible, the conditions for measuring output and expenses have to be created (most of the companies do not have these conditions). It seems to be useful to pool the several dozen forms of incentives for better performance given besides wages for the compensation of internal enterprises.

On Wednesday and Thursday, the Ministry of Industry will host an exhibition showing the research and development goals of the industrial innovation parks established nationwide. A press conference was held about the aims of the event and the operation of the innovation parks in the Ministry of Industry on Tuesday.

Antal Adam, deputy department head said that the acceleration of the structural change, the increase of the revenue-producing capacity and the practical use of the results of intellectual work require a more efficient use of innovations. The industry needs constant and efficient cooperation with the technological and natural science research network, with the institutions of higher education, with trade, banks and other producing areas, and, on the basis of foreign experience, it supports and encourages the formation of networks of innovation parks.

13212

POLAND

Polish-Soviet Cooperation in Delivery Van Production

26000107c Warsaw TRYBUNA LUDU in Polish
7-8 Nov 87 p 4

["Cooperation With the USSR in Delivery Van Production" subtitled "Activities of the Presidium of the Planning Commission under the Council of Ministers"—PAP report]

[Text] The program for cooperation with the USSR in organizing the manufacture and coproduction supplies of a standardized diesel-engined delivery van was discussed by the Presidium of the Planning Commission under the Council of Ministers on 6 November. This program was drafted in accordance with the decisions on coordinating the 1986-1990 plans of Poland and the USSR. Bilateral scientific and technical cooperation resulted in developing the design of a 3.5-ton van and the construction of the first prototype series. The diesel engine manufactured in Andrychow was jointly accepted as the propulsion unit.

During the deliberations, chaired by Deputy Prime Minister and Chairman of the Planning Commission Zdzisław Sadowski, it was found that this coproduction will be an important factor in expanding the integrative bonds linking our countries. It would also promote the solution of the problem faced by our economy in undertaking the production of a modern world-level delivery van. In this context, it was pointed out that, from the standpoint of the economy's needs, activating the production of diesel engines for the vans is a particularly important problem.

The Presidium acknowledged that assessment studies of the economic effectiveness of the production of the engine and the van should be pursued in depth. To this end, effectiveness criteria consonant with the requirements of World Bank will be employed. The conditions for investment credit also have to be more precisely defined. It was emphasized that this important manufacturing project, in line with the requirements of the second stage of the economic reform, should be profitable to the enterprises undertaking it, as this would assure their interest in implementing the program.

1386

Management Monthly Focuses on Polish-Soviet Perestroika Issues

Editor Defines Term, Introduces Series

26000109 Warsaw ZARZADZANIE in Polish
No 10, Oct 87 p 1

[Editorial: "The Race With Perestroika"]

[Text] The word "perestroika" is becoming world-famous, both among friends and among enemies, because its consequences will affect the entire world. The Soviet Union is celebrating the 70th anniversary of its Revolution in a totally new manner—in a climate of discontent with the accomplishments so far, in an atmosphere of severe criticism and deep changes. This is associated with one person—the first leader who has participated neither in the Civil War nor in the World War; perhaps that is just why he is more concerned with specifics than with sentiments. And yet, perestroika also is the cause of an entire generation, of a majority of the Soviet society, which does not want to rest content with living better than 40 years ago. Perestroika is a change in not only the political atmosphere but also fixed mechanisms and laws of economics. To provide the broadest possible picture of perestroika to our readers, we dispatched our reporter Andrzej Krzysztof Wroblewski on two successive trips to the Soviet Union, as a result of which he has written a series of articles bracketed by the common title, "The Race With Perestroika." His first trip was made in February and his second in May; the June plenum of the CPSU Central Committee and the subsequent events created new facts that happened too late to be considered in our reportage. The pace of perestroika is faster than the printing process.

Summary of Soviet Views

26000109 Warsaw ZARZADZANIE in Polish
No 10, Oct 87 pp 3-5

[A compilation of published statements in interview format by various Soviet officials, prepared by A.K. Wroblewski: "The Interview That Did Not Take Place" under the rubric "The Race With Perestroika"]

[Text] To be honest, "acceleration" is more visible in the schedules of activities of the heralds of perestroika than in store windows. "We all are now living on the run," one of our interlocutors manques commented by way of excusing himself from granting us an interview: he lacked the time, because his schedule was crowded with conferences, addresses, and symposiums, and any spare time he might have will of a certainty be taken up by some urgent summons to the Central Committee where the mechanism of the reform of management is continually being polished. A similar explanation was given to us by two other individuals we had approached. Hence, we opted for a collective interview, meaning that, instead of asking questions of a single individual as originally intended, we

explored the answers to these questions by reading published interviews, articles, and records of discussions. Our experienced readers will not be surprised by the far-reaching meshing of aspects of the system of governance, that is political aspects, with questions that are of a closely economic, sociological, or managerial nature; after all, the same thing applies in our own country, and this cannot be otherwise under a system in which a political institution—the State—is the owner and chief manager of means of production and the executors of these functions are, as everywhere else, discrete individuals.

[Question] What do you expect of the currently discussed draft decree on enterprises, the text of which has not yet been published in Poland?

[Answer] The principal defect of previous attempts at reforming the economy was that they were begun from the top....Enterprises were left without any influence of their own, with everything being decided by superior organizations. Hence also, both in the 1960s and in the 1970s, the reform and our efforts to refine the system of management did not produce full results. We have now commenced marching from the point of departure, that is, starting with enterprises and [enterprise] associations. It is above all necessary to identify the parameters that would enable the basic elements to bring to light the potential of the socialist economy, of our system of management, of the worker collective. (M. Gorbachev at an economic conference at the CPSU Central Committee)

[Answer] We must find an optimal balance between centralized planning and enterprise autonomy. The principal purpose of an enterprise operating on the new principles of economic accounting and broad autonomy is not to keep holding up a tin cup to the state but to support itself and the state. (N. Slunkov, CPSU Central Committee secretary, at the same economic conference)

[Answer] The draft decree on enterprises voids some 200,000 instructions in force, but it retains all the basics of the traditional approach to the management of the economy, although in a modified form—namely, command-economy planning, a centralized procedure for determining prices, a materials' allocation system, and a multistage structure and principle of subsector management. Such a schema is dominated by command-economy methods, and it ignores elementary laws of economics. (Professor R. Karagyedov in an interview granted to the daily 'KOMMUNIST' in Yerevan)

[Answer] The draft decree on enterprises is much more progressive than its previous counterparts, but it is too little for the appetites awakened by perestroika, and therefore it is being criticized from advanced positions.... (Professor P. Bunich of the Management Institute in 'MOSKOVSKIYE NOVOSTI')

[Question] Since so many complaints are being made about "the center" [national agencies] (complaints which are not alien to us Poles either), why not carry out an integral reform instead of limiting it to enterprises?

[Answer] The ideal would be to accomplish all these changes at the same time, but this is not feasible. Reforms of discrete solutions require differing periods of preparation and introduction. Everything is so interrelated that a step ahead in one domain becomes only a half-step in a related domain. Example: the step in the direction of enterprise autonomy is limited by the "ration-card" [resource-allocation] system, which in its turn is due to the excess money supply and the excessively low prices of scarce goods. (Prof. P. Bunich)

[Question] If, however, the reform of the "center" is continually being postponed, it loses its impetus and becomes mired in all sorts of difficulties; worse even, the central institutions are beginning to adapt themselves to the new language and new style, although they do not necessarily favor it.

[Answer] The factors which should promote growth in output are not always linked to material interests; on the contrary, in the presence of self-financing they become superfluous. What then should be done with the ministries? Either they should convert to economic accounting [cost-effective operation] or be deprived of powers to influence economic activity and left with such functions as, e.g., the exploration, identification, and recommendation of optimal models of the most up-to-date equipment and technologies. (Professor Ye. Zharikov, Academy of the National Economy, in an interview granted to 'MOSKOVSKIYE NOVOSTI')

[Answer] To radically improve the performance of the ministries, it is proposed that they be relieved of the duty of continuing supervision of enterprises. In practice, ministries should become the science, technology, and economic planning centers for the subsectors.... The activities of the State Committee for Planning, the Committee for Material and Technical Supplies of Producer Goods, the Ministry of Finance, and the banking system will also be restructured.... The main direction of their restructuring is transition to economic methods of management. (N. Slunkov, CPSU Central Committee Secretary, at the economic conference)

[Question] These and many other comments indicate that working for the central institutions is rather compromising, don't they?

[Answer] Far from it! Both progressive-minded individuals and conservatives can work in the same institution, in the same room. The problem is who has the power, who is the boss? Unfortunately, so far, in many ministries the bosses are individuals who hope to wait out the "inclement weather" and who secretly sabotage perestroika. (Professor T. Zaslavskaya in an interview granted to the monthly 'NAUKA V ZSSR')

[Question] How to get rid of these individuals? After all, a democratically inclined perestroika cannot resort to the means typical of the past periods and carry out purges, can it?

[Answer] The spearpoint of social policy should be directed against them. In particular, it would be necessary to eliminate the conditions enabling certain workers in the domain of management to establish perks for themselves, which has in the past been done quite often and at present has not yet been completely eliminated. (Prof. T. Zaslavskaya)

[Answer] There exist privileges introduced by the state.... For example, we cosset the most eminent scientists and members of the Academy of Science.... These people benefit from certain privileges, including the allocation of housing. I believe that this is justified.... But there also exist privileges which the state does not introduce and which particular individuals, owing to the offices they hold, arrogate to themselves as it were. This cannot be tolerated; we shall combat such occurrences. (M. Gorbachev, in the interview granted to L'UNITA)

[Answer] Of course, not every leading state activist or administrator or party leader is a bureaucrat. A bureaucrat is a person who exploits his executive post for personal gain and does his job poorly and thereby obstructs social development.... Shouting, armchair generalship, and paperpushing are typical operating procedures of the bureaucracy, which dreads direct contact with the masses because then its incompetence would come to light. Only control by the masses can force the bureaucratic official to either depart or perform his duties honestly. (Professor A. Butiyenko of the Institute for the World Socialist System, in an interview granted to MOSKOVSKAYA PRAVDA)

[Question] Let us then try to determine what and who obstructs the progress of perestroika. Marxist tradition would recommend that the answer be not sought in the character of individuals, nor even in the privileges, but in the system itself.

[Answer] Every major correction of the economic mechanism alters the mutual standing of social groups: some win while others lose. (Prof. T. Zaslavskaya)

[Answer] Since the obstructing mechanism is also a result of past conditions, we have to pay attention to them. After all, it was precisely in the past that the forms of production management excluding workers from management of the enterprise were developed. Working people became alienated from real power, even though the authorities act in their name.... Stalin preferred to govern by fiat and arbitrariness, which promoted the rise of optimal conditions for the proliferation of bureaucracy.... The 20th CPSU Congress mortally scared the bureaucracy, but subsequently active forces of the bureaucracy closed their ranks and succeeded in halting

the process of purification. Even now some people also feel disturbed by the spread of self-government, elective leadership, and openness [glasnost] of decisionmaking.... (Prof. A. Butiyenko)

[Answer] A major "root of evil" is the obsolete system of management. Isolated undertakings will change nothing. Everything should be changed simultaneously. (Prof. Ye. Zharikov)

[Answer] It is erroneously believed that it is chiefly persons 60 to 70 years old who oppose perestroika. I am acquainted with 40-year-olds who are much more ardent enemies of restructuring. They are chiefly representatives of the hypertrophied machinery of governance and management which employs some 17 million persons. They cannot be reduced in force without abandoning command-economy methods, because precisely these methods require hiring millions of officials. (Prof. R. Karagyedov)

[Answer] Impediments in the system of management meet with support from among certain workers of the party apparatus. (Dr. G. Popov of Moscow University, quoted in PRAVDA)

[Answer] The adversaries of perestroika are exploiting the fact that, owing to the half-way nature of the measures taken and the cleverness of its opponents, the reform is not sufficiently radical and hence also its results cannot be complete; they therefore declare triumphantly that nothing has changed and nothing can change and that at most we'll court disaster. Of course, there will be both disasters and victories on the new road. But on the old road there are only disasters. (Prof. A. Bunich)

[Question] But whence the certainty that this new road is the best of all possible roads? Why not refine the central planning and management system, or replace it with a commodity-money market?

[Answer] We have considered the lessons of the past, and not only in our country at that. (M. Gorbachev, in the interview granted to L'UNITA)

[Answer] Economic accounting and democratization are the sole just directions of restructuring of the economic mechanism. (A. Budzhinskiy, director of AVTOZIL, at the CPSU Central Committee's economic conference)

[Answer] The experience in restructuring in other socialist countries demonstrates that the most rapid and direct effect is achieved by applying economic methods of management. This will be promoted by expanded ties among enterprises of various socialist countries, and the expansion of these ties requires a convertible ruble. (Professor O. Bogomolov, director of the Institute of the World Socialist System, at the CPSU Central Committee's economic conference)

[Answer] The absence of a sound and convertible currency is disintegrating our economy and preventing the redeployment of its potential in the direction of modern and more profitable domains. (Professor A. Aganbegyan, director of the Institute of Economic Sciences, in IZVESTIYA)

[Question] The ruble at present is not convertible with respect to other currencies and also with respect to goods and services. Why do you still employ the allocation system, although everyone is aware that it is a necessary evil? This also applies to our Polish zloty, besides. But the question is: will the ruble shoulder the tasks posed to it by perestroika? Will it act as an overall indicator? Will it be a sufficiently attractive incentive for redoubled efforts by enterprises, their workforces, and individuals?

[Answer] This is a problem. At the AVTOVAZ Experimental Works and at the Sumy Association imeni Frunze, profits were divided among the state, the ministry, and the enterprise. The ministries were enjoined against interfering, seizing a majority of the profits and distributing them among other enterprises. The results were good.... We are trying to link profits to net output and avoid using the gross output indicator. (S. Sitarin, Vice Chairman of the Planning Committee, in an interview granted to PRAVDA)

[Answer] Under the traditional system so far no one is in a hurry to trim costs. What for? The plan has been approved, and what counts is its fulfillment. If one works better, will one's pay be higher? (Dr V. Yefimov in TRUD)

[Question] Judging from your draft decree on enterprises, you have inferred conclusions from it and intend to introduce rather strong individual incentives. Do you think that they will affect positively quality and the work ethic?

[Answer] Another obstacle to our perestroika is the inertia of some workers and the inclination to remain in the state's keep. This means that strong material incentives are needed. Such incentives are provided by the brigade system and the transition to complete cost-effective accounting. (N. Travkin, director of the MOSOBLASTROY Association, at the CPSU Central Committee's economic conference)

[Answer] So far, attitude toward work has not changed greatly. Workers often violate technological discipline. But when put to a vote, our workforce supported amending the collective bargaining agreement with the provision that a worker who disregards quality requirements will have his pay cut. (A. Nyserov, director of the KOMPLEKS Association, at the CPSU Central Committee's economic conference)

[Answer] Perestroika will also be promoted by those who are ready to work harder and more efficiently outside, as it were, the boundaries of the socialized sector—on

private land plots, under family contracts, in seasonal construction brigades, under various kinds of piecework-wage systems, etc. (Prof. T. Zaslavskaya)

[Question] Your legislation has gone even farther by sanctioning—though to a limited extent—a private sector. What about the related ideological apprehensions?

[Answer] The incomes of that group should be controlled so as to prevent the rise of a stratum of new "Nepmen" (a reference to Lenin's New Economic Plan in the early 1920s). As I see it, incomes in the private sector may be two, three, or even four times as high as in the socialized sector, but no higher. (Prof. T. Zaslavskaya)

[Answer] The most difficult legacy bequeathed to our society by the recent past is that many people have ceased to believe in the possibility of working better and receiving greater rewards. At present, various incentives and methods are being employed to awaken the sense of honor of a conscientious worker in every individual. But this can be accomplished more rapidly by more radical methods as well. Work for personal gain, which mobilizes all the resources of the individual, should be approved. (Prof. A. Butiyenko)

[Question] But what if a new class of petty proprietors arises?

[Answer] This danger does exist, but in a socialist state the necessary [counter-]measures can always be taken. (Prof. A. Butiyenko)

[Question] The theoretical opening toward worker democracy plus a parametric economic system should bring about the desired changes. But you yourselves say that the changes so far are not satisfactory. Why?

[Answer] Genuine changes will occur only when the representatives of the authorities understand that public opinion is not a "poor relation" or a "humble petitioner" but their real ally. It is not a cumbersome obstacle but the most important factor in streamlining management and governance. (Professor B. Grushin of the Institute of Philosophy, in SOVETSKAYA KULTURA)

[Answer] Top economic administrators must wage an unceasing struggle against obsolete instructions which are no longer in the spirit of the times. (Prof. T. Zaslavskaya)

[Answer] Habits and fear of the new are strong. Such is not infrequently the reason for drafting regulations and instructions which fill new forms with old contents. For example, [the introduction of] government orders based on the traditional command-economy system means that these orders are a new name for the same old thing! (Prof. P. Bunich)

[Answer] One must be prepared that, after the decree on enterprises becomes effective and self-government becomes consolidated, working people will not immediately solve everything correctly. Then courage will be needed to criticize some or other decision, even if it is supported by the majority.... (Prof A. Butiyenko)

[Answer] Economic accounting has for years been treated solely as a method practiced at the labor brigade level, or at most at the enterprise level, whereas on the macroeconomic scale commodity-money relations were viewed unfavorably. Administering the economy was identified with state planning, which has caused substantial harm. (Dr V. Yefimov)

[Answer] The degree of democratization of the collective absolutely must be increased. All should participate in management. It is important that everyone feel that no major decision, especially one relating to strategic questions of management or to the distribution of material boons, be taken without his knowledge. (Prof Ye. Zharikov)

[Question] From this multiplicity of diagnoses, which besides are not mutually exclusive, let us select those close to our heart, namely, those pertaining to democratization and executive personnel. Have elections of factory managers become an accepted practice? Are they accomplishing their purpose?

[Answer] Nowadays we need not bosses of the old type, ready to carry out any order from the top. What we need is leaders—persons who provide an example to the collective instead of standing above it. It has already been calculated that an employee's productivity increases by a factor of at least one and one-half if the interests of his enterprise are linked to his personal interests.... We need such leaders. The elections of managers will definitely help identify them. (Prof Ye. Zharikov)

[Answer] The first Soviet competitive hiring of the manager of the RAF Automotive Works in Riga was more a festival than an election: more than 3,000 candidates applied and the elections took many days.... I am not opposed to the idea of electing production heads, but is it important for heads of industry to be selected depending on the frequency of their smiles and jokes? Public opinion should not be toyed with. It should rather be studied and respected. (Prof B. Grushin)

[Question] But don't you fear that an elected manager will be too much dependent on the workforce? Don't you fear an excess of democracy which may turn into its polar opposite?

[Answer] We are deeply convinced that genuine democratization can in no way harm socialism, if only because, in essence, socialism is precisely democracy—rule by the people. A risk to the cause of socialism-building appears

only when bureaucratic distrust of the common sense and political awareness of the people takes precedence. (M. Gorbachev, interview to L'UNITA)

[Question] Why do the changes apply chiefly to the lowest level, the enterprise?

[Answer] We are undertaking radical transformations of the economic mechanism by starting with the basic element of the economy—the enterprise and the enterprise association; our guiding idea is to provide that element with the most favorable economic conditions and strengthen its powers while at the same time increasing its responsibility. On this basis, thoroughgoing changes will be made in the activities of all the superior organizations. (M. Gorbachev at the June 1987 plenum of the CPSU Central Committee)

[Question] Your discussions reveal considerable discontent with the sluggish progress of *perestroika*.... Is that sluggish progress due to political resistance or to caution?

[Answer] I am convinced that the greatest mistake is the fear of making mistakes. (M. Gorbachev at the June 1987 plenum of the CPSU Central Committee)

Polish Firms in USSR Note Change

26000109 Warsaw ZARZADZANIE in Polish
No 10, Oct 87 pp 8-9

[Article by A.K. Wroblewski: "Through the Window, if Not the Door" under the rubric "The Race With *Perestroika*"]

[Text] Exactly 10 years ago, in 1977, I viewed the exhibition "*Sdyelano v Pol'she*" [Russian for "Made in Poland"]. It was housed in the same area of Leningrad, near the harbor, in the Gavan' Exposition Hall. Just like now, it drew crowds of spectators, ready to stand in queues and pay half a ruble for admission. Just like today, the organizers had assured me that times have changed and sales volume could be increased by hard work. But I perceive more important differences.

I do not mean the technical level of the exhibits, although it too has changed; after all, 10 years that is a lot of time and, although we spent most of that period living in an officially acknowledged crisis, we too did make some progress. The most striking difference is the rigid division into subsectors and foreign trade enterprises 10 years ago compared with the seeming chaos at present.

Computers are exhibited side by side by METRONEX and ELWRO. Electroacoustic equipment is exhibited by UNITRA, ELEKTRIM, and EXBUD. That EXBUD is also the enfant terrible of the exhibition and of the entire Polish foreign trade—it also exhibits knitwear products near the booths of TRICOT and TEXTILIMPEX; properly speaking everything in its booth is displayed in other booths as well. At the very end of the hall, farthest from

the heavy industry booths, are the four excellent vegetable and fruit displays by AGROS, POLCOOP, and HORTEX. The colorful fruits of the Polish earth are a kind of tease to Leningraders, to whom they are relatively unavailable. People whose foreign trade agencies used to exercise monopoly over what could be displayed criticize this new exhibition, objecting that [the Soviets] will take advantage of this competition and get the lowest prices.

But people who only recently were given a chance to show what they can do, answer: "We compete not only among ourselves but also with other exporters to the Soviet market. If our prices are too high, because our cost also is high, then others will dislodge us from the Soviet market."

Instructions from the Polish Ministry of Foreign Trade specify that prices be coordinated with the leading foreign trade enterprise, but it is not always known which such enterprise is leading, and there is not always time for that. Several firms assured me that they will honor these instructions, but I expect that they will soon be rescinded. Nowadays indeed things are not the same as in the past. It appears that in our times the stage of planned barter is indeed giving way to the stage of trade.

The METRONEX crew are clearly annoyed. They had reached an agreement for signing a contract with the directors of the Leningrad ELEKTROSILA Combine on Friday noon. But on Friday morning they learned that the ELWRO crew, who serviced a nearby booth, also made an appointment for the same day with the directors. Only later it turned out that the Russians were procrastinating: this is the first time they are signing a contract since they have been granted the right to engage in foreign trade autonomously, and so they wanted to consult their superiors in Moscow in order not to transcend the bounds of that autonomy. That was why they preferred to postpone the meeting with METRONEX till Tuesday afternoon.

The powers now granted to the Leningrad ELEKTROSILA had been granted to Poland's ELWRO already 20 years ago. It was then that, by way of an experiment, ELWRO, RAFAKO, and H. P. Cegielski Plant were permitted to engage in foreign trade independently; in other words, the decisionmaking rung was moved downward. Now 71 enterprises in the Soviet Union have been granted such powers. This means that decisionmaking is closer to production, but this also means that a larger number of organizations is involved. This still is not a free market, but it is not any more a trim centralist structure either. The new mechanism still has not sunk roots and there are many question marks about it, many hopes, but also quite a few apprehensions.

The reporters invited to the opening of the exposition do not seem to feel that they are witnessing the launching of a new stage. They leaf rapidly through the brochures they are given and listen with only one ear to the welcoming

addresses (which, to be sure, are rather stereotyped), and they snatch glances at their schedules to see what else to do today. Next morning I shall read hackneyed and bland newspaper reports about the opening of the exposition "Sdyelano v Pol'shche": to me the most interesting thing seems to be not what can be seen but what can be heard.

Namely, one can hear the opinions of Polish tradespeople about the changes brought by perestroika. The opinions vary: some say that the Soviet partners now place tremendous stress on quality, while others say that, whereas formerly business deals had to be settled with a ministry, now they have to be settled with one or another large foreign trade organization. Some say that the partners are well-prepared, while others claim the converse on the grounds that the partners are too passively awaiting instructions from the top even though they are supposed to be independent. Some say that much can be resolved through personal acquaintanceships, while others claim the converse on the grounds that the anticorruption drive has caused such widespread scare that everyone resorts to official rigidity in order not to be accused of collusion.

"I wanted to invite our partner from STANKOIMPORT to our exposition," a representative of a Polish combine told me. "I telephoned her but she, sounding fearful, answered that the invitation should be sent to the business office and the director will decide who is to attend."

"But at the same time," the same Polish woman admits, "while formerly persons who telephoned me introduced themselves as 'This is the chief technologist of such and such a plant,' now they are more personal: 'Sergey Ivanov, chief technologist, speaking....' In her opinion, the people who are to make decisions on their own will soon get accustomed to 'being themselves,' and it is they who will influence the management system in the direction of greater flexibility.

For the time being, although everyone speaks of perestroika, not all have "restructured" themselves. For example, the energetic Polish EXBUD offered, say, Polish sports gear, to a Soviet enterprise. "Why you?" the Russians asked. "For years we have been buying that gear from UNIWERSAL. Please bring its representative."

Another example: VARIMEX is offering furniture fittings to furniture factories. But it turns out that Moscow has decided to import such fixtures from Japan: they are indubitably of good quality, but they also cost much more than their Polish-produced counterparts.

Or: METRONEX is trying to cross the magic barrier of 300 million rubles in annual exports, that being the limit on which the two governments had agreed. Polish factories want to sell more, and Soviet ones want to buy more. "Nelzya" [Russian for "Cannot be done"].

The point is not to be too openly aggressive. Where "neizya" bars the door, one should try a window. EXBUD explains that it is offering goods made by small producers that are still so "warm" that it can respond flexibly to changes in the tastes of consumers, and that besides it is willing to barter them for other goods.... They would like to negotiate directly with Russian tradespeople, but for the time being foreign trade companies are their partners. They were told by officials, "Fine, your merchandise can be selected in individual republics, but as for the prices we'll agree on them in Moscow."

VARIMEX cannot—at least for the time being—establish direct contacts with Russian furniture factories. But then it learned that a Soviet power turbine plant commenced manufacturing furniture as a sideline and, since that sideline was not included in the central allocation list, VARIMEX succeeded in selling Polish furniture fittings to that plant. And what about PAGED, which not only engages in substantial furniture exports but also offers restaurant furnishings? Even on the last floor of my hotel in Leningrad the restaurant Sovetskaya was equipped with furniture by Poles. There are many potential customers for that furniture in various Soviet republics and cities, but mostly in the Baltic ones; Riga alone would like to ask PAGED to equip seven restaurants with furniture! But that intergovernmentally set 300 million ruble limit is an obstacle.

For METRONEX the problem is more complex, because this involves larger sums. The limit on Polish exports to the Soviet Union is 300 million rubles annually, but our appetites and possibilities (which do not always go together) reach 500 million. METRONEX has acted as a marriage broker between Warsaw's ERA Computer Plant and a similar plant in Kiev; since they are coproducers, their trade is not included in that 300 million ruble limit. So now the president of a provincial polytechnic has visited the METRONEX office in Moscow; he is interested in buying a complete computer workstation, such as is being used at many Soviet institutions of higher education. He receives the answer, "Very sorry, but there is that 300 million ruble limit. Our advice to you is to use the mediation of TEKHSNABEKSPORT rather than ELEKTRONORGTEKHNIKA." The advice bore fruit for the president and METRONEX.

A young specialist at the Moscow office of METRONEX described to me the reorganization of Soviet foreign trade as witnessed by those at his office: the traditional partners are disappearing and others of a completely new kind are appearing. The All-Union Association ENER-GOTEKHNIKA, which engages in foreign trade, is breaking up into two parts, one incorporated in industry—this is part of the strategy of perestroika, to disrupt the snooze of the bureaucrats in their armchairs and subordinate them to production needs—and the other handling the supply of computer equipment to research centers. What results will it produce? It is too early to predict, but this is certain to mean more work to Polish

foreign trade. If we stick to the conventional and disparaging term "the bureaucrats," let it be said that Polish and Soviet bureaucrats had worked like hand in glove: the agreements reached in Moscow subsequently spread "below" by force of gravity to republics, oblasts, and rayons, to the very bottom. Nowadays more traveling, more effort, and more persuasion is needed. METRONEX operates in Moscow a trade and engineering office which employs an hundred persons (of whom one-half are Russians), as well as service outlets in Leningrad, Kiev, Minsk, and Novosibirsk; negotiations about Tbilisi, Alma-Ata, and Tashkent are in progress. ELWRO independently maintains a crew of seven service technicians.

The work of these and many other employees of Polish foreign trade in the Soviet market is not easy. But now at least it is possible to grouse a little, since the Russians themselves have begun quite officially and openly to discuss their own problems. Now Soviet partners often comment, "If it were up to me...." The experience of history teaches that if one not only thinks thus but also says it, sooner or later it is those at the bottom who will matter significantly.

It would be interesting to listen to not only the opinions of Poles about Russians but also vice versa; unfortunately, the few attempts led to replies whose evasive courtesy does not make it worthwhile to cite them. Instead, let me quote what was said half-seriously and half-jestingly at another Polish booth at the exposition: "Let's hope that the hosts won't want to buy something, as then it would turn out that we have little to offer other than the exhibits themselves."

It is difficult to take an overall view of all this. Our balance of payments with the Soviet Union is negative and we owe it more than 6 billion rubles. Our factories, or at least most of them, are eager to export to the Soviet market (especially ever since the Ministry of Foreign Trade has decided to promote these exports by granting income tax credit and ROR deductions); I was even told, by way of a curiosity, that while every Polish factory director understands that his products cannot find purchasers on Western markets, he cannot understand why they cannot find anxious purchasers in the East either. Yet when that Eastern market desires something, it often turns out that our Polish resources are too limited to provide it.

The new—and more up-to-date than several years—ago economic awareness comes to our aid. Formerly it was thought that the purpose of trade is to sell what the industry produces. Now we understand that trade is supposed to be industry's locomotive rather than vice versa. It determines the horizons of industry and tempts it with good pay. At the METRONEX booth I learned that the Director General Andrzej Ziąja would not arrive in Leningrad because right then he was engaging in important negotiations in Moscow: perestroika, the tack toward quality, and the introduction of rigorous state

quality certification, "gostpriyemka," will of a certainty stimulate demand for monitoring and measuring equipment, exactly the kind of equipment that METRONEX is selling. Perhaps if I visit Leningrad in another 10 years I shall have the opportunity to observe what new differences will emerge: of a certainty differences not only in the technological level of the exhibits but also in their range and in the organization of their production and sales. Enterprises with greater autonomy on both sides of the border (this trend seems indubitable) will pay greater heed to their own needs.

Obstacles to Decentralized Joint Ventures

26000109 Warsaw ZARZADZANIE in Polish
No 10, Oct 87 pp 10-11

[Article by A.K. Wroblewski: "In Pairs" under the rubric "The Race With Perestroika"]

[Text] The sight was said to be both sad and ludicrous: two lines of important factory managers, Polish and Soviet, stood facing each other like soccer players during a kick-off, their hands fidgeting because they did not know what to do with them. This too was a game, but not a soccer game—an economic game between Polish and Soviet enterprises, a game nudged forward by party and government elements and one that is being with difficulty freed of rigid forms and obsolete prejudices. With one difference: the success of one team does not mean defeat of the other; the victory and the spoils are to be mutual.

It was difficult, though, to expect successes when looking at these awkward, inhibited factory managers. The Polish visitors were brought by a special plane, which also carried Deputy Prime Minister Szalayda. The Soviet hosts were headed by Deputy Prime Minister Markov. But the partners who were to establish "pryamyye svyazi" [Russian for direct contacts] bypassing the ministry bureaucracies had first to be introduced to each other. Only a few had the occasion to meet previously. Later, one of the Poles told me, "I felt like the bride at an Arab wedding. Others decided for me whom I was to marry and when."

In the opinion of the Polish and Soviet managers with whom I talked, the best road to mutually advantageous cooperation of enterprises would be to base it on explicitly specified prices (fixed in terms of a currency that is convertible) plus customs and passport easements. But this for the time being can only remain a dream (the rubles earned in Poland can hardly be used to buy anything other than planned imports). What then? Should better times be awaited? Better something should be done to bring them closer.

This rapprochement is for the time being initiated rather from the top: the agreement between both planning commissions in October 1985, the protocol of both prime ministers signed during Gorbachev's visit to Poland

a year later, and the supplemental agreements between deputy prime ministers broaden the list of the enterprise pairs which are to cooperate with one another.

The greatest progress has been made not by the enterprise pairs which were the first to begin cooperating (e.g., the Lublin Truck Factory and the Ulyanovsk Avtoaz, or the Warsaw WZT UNITRA and the L'vov ELEKTRON), but by those assigned the role of joint enterprises [joint ventures]: in the long run, such Polish-Soviet enterprises are to have not only a joint director and a joint policy but also joint capital. This could be reason for conceiving various jokes or reflections about capital as a way of uniting two socialist countries, were not the jokes and reflections overwhelmed by various practical but urgent questions: how should the joint assets, and hence also the contribution of each party, be priced? How to determine joint profits, and should there be a percentile ceiling on them or should they be maximized? How to resolve eventual conflicts? What methods of management should be employed? These questions may be easier to resolve than in the case of joint ventures between Soviet and Western enterprises (see the article on page 12 of this issue), but this does not mean that they are easy. Ryszard Labus of the Polish Office of the Commercial Councilor in Moscow commented on this matter by describing to me the long and arduous dispute about the economic background of a new joint Polish-Soviet enterprise, the Pollena-Miraculum in Krakow. In the 1970s the Krakow Pollena began to be expanded vigorously, but the expansion could not be completed owing to lack of resources. Several years later, however, an agreement for opening a joint factory was reached with Soviet partners. This involved discussion of such issues as, precisely, determining the value of the Polish factory's assets, and of the Soviet-provided credit for equipping the factory, in CEMA and Western currencies. Other disputed issues were: What repayment schedule should be adopted, and what product prices should be used as the criterion for computing the repayments?

"Since no understanding could be reached on these questions," R. Labus told me, "the Soviet side proposed: 'Prepare your own costing, so long as the prices are competitive (that is, comparable with other prices) and the whole is profitable.'"

I jotted this down with satisfaction. No CEMA price can be completely trusted, because it differs from world prices and this accounts for the mistrust in any joint Polish-Soviet venture. However, the proposed formula appears to be sufficiently fair. In addition to the Krakow Miraculum there also exist such Polish-Soviet joint enterprises as the electromagnetic couplings factory in Ostrzeszow (which has been exporting to the USSR for years and will now be modernized and expanded with a Soviet loan); the AVIA Hypoid Gear Plant in Warsaw (its enterprise statute is being drafted), and two newly built plants—a potato processing plant and a cotton processing plant (the cooperation agreement is only beginning to be drafted). A year later the list was

complemented with 11 more enterprises, mostly manufacturing ones (such as the hydraulic torque converter factory in Lodz or the plastics plant in Zory), but also some service enterprises, best exemplified by the Szczecin Repair Shipyard, which has for years been repairing Soviet vessels, and which now requires major additional investments that Poland cannot afford. So bilateral agreements provide for Soviet credit (in both transfer rubles and convertible currencies) bearing an interest rate of 4 percent annually for 7 years and specify the terms of repayment of that credit through the provision of goods and services of these joint enterprises.

"I view the Soviet perestroika with greater hope than our own Polish 'odnowa' [renewal]," says Ryszard Labus, a former worker for the party apparat, "because here this process is under control; here the party directs it and sets its pace."

The POZITIV Photochemical Works in Leningrad is much larger than the Bydgoszcz FOTON, like nearly everything else in the Soviet Union, but FOTON produces at first glance a more elegant impression by its white skyscraper and large parking lot. While we thus had been making such lavish investments, the Russians were more conservative: POZITIV is located on a distant and rather obscure street in the southern part of Leningrad and its factory buildings probably have witnessed the times of World War I, collectivization, NEP, and perhaps even pre-Revolutionary times.

It was precisely the differences in their management that prompted these two enterprises to cooperate: after 1981 FOTON, like many other Polish factories, found itself in the situation of a smoker deprived of nicotine, having been cut off from shipments of chemicals from the West. As for POZITIV, it had no debts and no bad habits, it it also lacked modern facilities. FOTON asked its superior ministry for help and was advised to turn to Moscow; Moscow directed it to Leningrad where, as it turned out, there existed a factory that could supply exactly the paper substrate that FOTON needed!

The Director of FOTON Ryszard Jurkowski declared, "It turned out that they could provide us with 250 tons of the substrate."

This one simple sentence prompted me to ask many questions. What do you mean by 'provide'? In return for what? For money? And if yes, whose money? Or in return for what bartered commodity? And what do you mean by saying, "It turned out that"? Do you mean that if it had not been for the visit by Polish guests that 250 tons would be wasted? Or perhaps it was taken away from someone who also needed that substrate?

The answers had to begin with the last question. "It turned out" means that, had it not been for the interest shown by the Poles, that 250 tons would not have been produced at all. For the Polish visitors proposed turning the Soviet substrate into paper for photographs and

paying the Russians 1,000,000 square meters of such paper in return while keeping 400,000 square meters for the Polish market. As a result of the clearing of accounts, which was by then handled by foreign trade firms, the Polish side was given in addition a quantity of Soviet film negative.

"That negative would have cost US\$200,000 if it had to be imported from the West," said Director Jurkowski. But the Russians, too, when they were visiting Bydgoszcz, realized at once the advantages they could derive for themselves. To be sure, Director Aleksandr Arkadyevich Kruglak talked with me in a much less uninhibited manner than Director Jurkowski, but he admitted that the Polish partners have technologies that are of interest to the Russians. "We aren't importing from the capitalist countries anything that might make us dependent on them," Director Kruglak said, and he did not add, "Like you [are dependent]," although that was certainly what he meant. But after all Poland is a socialist country, and one that is in debt to the USSR up to its ears to boot, and hence it is not in peril of becoming dependent [as published]

At any rate, this is not a matter of some reciprocal summer camps for children. When I asked the two directors whether they would dissolve their partnership in the absence of recommendations from the top, both denied this resolutely, declaring that they have already taken some steps forward without costly research and expect to make greater steps in the future.

There is no doubt that for the time being the Polish director has much greater freedom of maneuver than his Soviet colleague (see the article "For the Party and Officially" on page 7 of this issue); the plan does not impose coproducers on him or order him to sell his products to a particular customer, and moreover he is allowed to retain part of his foreign-exchange revenues and dispose of them freely. Not to mention that I personally saw a Soviet TV program on which the directors of partner enterprises complained during a panel discussion that they had to wait 2 or 3 months to get a passport, whereas a Pole could, if the need arise, appear in Moscow, Odessa, or Novocheerkassk 2 days after being asked on the telephone to come.

I thus asked Director Kruglak, how come the authorities encourage "pryamyye svyazi" on one hand and do not issue passports readily, on the other? Aleksandr Arkadyevich reddened slightly and declared, "This problem has already been solved, at least in Leningrad, and at least in the case of 'pryamyye svyazi.'"

Director Jurkowski promised that, thanks to the cooperation with POZITIV, Polish paper for color photographs will indeed be a colored paper. At any rate I already see that it has a roseate color—the color of hope.

A month after my departure from Leningrad, at the June plenum of the CPSU Central Committee, Mikhail Gorbachev declared in his address:

"The perestroika of the economic mechanism is to provide favorable conditions for an in-depth integration of our economy with the economies of the fraternal countries. Broad vistas in this respect are unlocked by the right, granted to enterprises, to establish direct coproduction contacts with partners from the socialist countries. As a recent analysis at the Politburo showed, so far the utilization of that right has been very unsatisfactory."

1386

October Laws On Government, Ministerial Changes Published

Ministry of Industry Formed

26000110 Warsaw RZECZPOSPOLITA
(REFORMA GOSPODARCZA Supplement No 116)
in Polish 5 Nov 87 p 1

[Law on the formation of the Ministry of Industry, dated 23 Oct 87]

[Text] Article 1

The office of the minister of industry is hereby established.

Article 2

1. The tasks of the minister of industry include implementing the state's industrial policy with respect toward all kinds of economic organizations regardless of the form of their ownership, and in particular:

- 1) drafting assumptions of the state's industrial policy;
- 2) analyzing and forecasting the social and economic demand for basic industrial products and services with the object of drafting assumptions, development forecasts, and planning assessments;
- 3) assuring an efficient and effective performance of industry by means of:
 - a) participating in the development of economic and financial systems serving to guide industrial activity and promoting the growth of state, cooperative, and private enterprises;
 - b) initiating organizational and economic-financial projects to promote the growth of economic resourcefulness and the optimal utilization of production factors with the object of improving economic, material, and quality effects;

c) providing conditions that promote the adaptation of the quantity and quality of industrial products and services to the needs of domestic and foreign customers;

d) promoting the development of small industrial enterprises.

4) participating in the drafting of socioeconomic and financial plans and the state budget;

5) determining the directions of and initiating structural changes in industry as well as introducing and propagating scientific, technical, and organizational progress with the object of assuring modern and high-quality production and services, by:

a) providing the technical, economic, and organizational conditions for structural changes in industry, including also a corresponding utilization of the Industry Restructuring Fund;

b) implementing the investment policy in industry by, among other things, coordinating and supervising the implementation of central investments;

c) forming and initiating the formation of state enterprises, establishing and initiating the establishment of joint-stock companies, and providing initiative for the establishment of small-industry enterprises and other types of economic organizations;

d) initiating research and development work, participating in its programming, and providing the conditions for the conduct of that work and for the application of modern scientific, technological, and organizational solutions;

e) determining the directions of organizational changes in industry;

f) participating in the implementation of license policy, evaluating the utilization of acquired licenses and providing the conditions for their rational utilization;

g) organizing a system for the circulation of scientific, technical, and economic information in industry and assuring the conditions for the circulation and utilization of that information;

6) determining the principles for and implementing the policy of the selection and advanced training of managerial personnel in industry;

7) determining the principles and providing the conditions for an efficient management of raw and other materials, fuels, and energy, with the object of reducing the energy- and materials-intensiveness of industry by:

a) defining the rules for an efficient and thrifty management of raw and other materials, fuels, and energy;

b) participating in the determination of rules for the supply of material and technical producer goods;

c) determining the norms and quotas for the consumption of raw and other materials, fuels, and energy, as well as the quotas for the depletion of natural resources, and monitoring the adherence to these norms and quotas;

d) determining the conditions for the recovery and utilization of secondary raw materials and wastes, and for the reclaiming of spare parts, as well as for the handling of packaging materials;

e) providing the conditions for optimizing the methods for the quality control of industrial materials and products;

f) coordinating the development of quarrying operations;

g) developing and propagating rules for a rational maintenance of machinery and equipment in the national economy, inclusive of conditions for permitting their operation and turnover;

h) taking steps to eliminate or curtail the harmful effects of industrial activity on the environment;

i) taking steps to improve safety and hygiene of labor;

j) participating in the conduct of foreign economic cooperation, particularly as regards:

a) determining the pro-export orientations of industrial development;

b) determining the principles for the foreign cooperation of enterprises and other organizational units and for the supervision, within the scope defined by separate regulations, of that cooperation;

c) initiating the formation of joint enterprises with foreign economic organizations and joint-stock companies with the participation of foreign capital;

1.2) performing tasks relating to the defense and security of the state and other tasks specified in separate regulations.

2. The minister of industry oversees the nation's electric power-generating and gas systems, cooperates with the agencies establishing or supervising such systems in other countries and, within the scope specified by separate regulations, disposes of the capacity of power-generating equipment.

3. The minister of industry is empowered to prohibit the manufacture and use of excessively materials- and energy-intensive products.

Article 3

1. The minister of industry acts in the capacity of the parent agency of state enterprises and the agency overseeing the activities of research and development units, in accordance with the rules and procedures specified in the regulations defining the tasks and obligations of such agency.

2. The tasks and obligations referred to in Paragraph 1 above are implemented by the minister of industry with respect to the following industries:

1) fuel and power;

2) steelmaking;

3) electrical machinery;

4) chemical;

5) mineral;

6) lumber and paper, with the exception the sawmill industry and fiberboard and plywood industries;

7) light industry;

8) other industries not included in the scope of competences of other national agencies of state administration.

Article 4

1. The Council of Ministers may, by issuing an ordinance, define the specific scope of activities of the minister of industry.

2. The organization of the Ministry of Industry and the list of the organizational units subordinated to the minister of industry as well as of state enterprises for which the minister is the parent agency is determined in the statute conferred by the Council of Ministers.

Article 5

1. The following are hereby abolished:

1) the office of the minister of the mining and power industry;

2) the office of the minister of the metallurgical and machinery industry;

3) the office of the minister of the chemical and light industry;

4) the office of the minister of materials and fuel management.

2. The competences, previously defined in separate regulations, belonging heretofore to the ministers of mining and power industry, metallurgical and machinery industry, and chemical and light industry, henceforth belong within the scope of competences of the minister of industry.

3. The competences, previously defined in separate regulations, belonging heretofore to the ministers of construction; land use management and communal economy; materials and fuels management; and agriculture and food industry, henceforth belong within the scope of competences of the minister of industry.

Article 6

1. The minister of industry will, pursuant to the scope of his competences as defined by this Decree, become, as of the effective date of this Decree, the parent agency of the state enterprises whose parent agencies previously were the ministers of: mining and power industry; metallurgical and machinery industry; chemical and light industry; materials and fuels management; construction, land use management, and communal economy; and agriculture, forestry, and food industry, with the exception of enterprises to be specified by the Council of Ministers.

2. When determining the list of the exempt enterprises referred to in Paragraph 1 above, the Council of Ministers will name the:

1) enterprises and executive and national agencies of state administration which will act as the parent agencies of these enterprises;

2) enterprises which will be under the jurisdiction of people's councils, and the specific people's councils concerned.

Article 7

This decree is to be effective as of the date of its publication.

Economic Statutes Revised

26000/110 Warsaw RZECZPOSPOLITA
(REFORMA GOSPODARCZA Supplement No 116)
in Polish 5 Nov 87 pp 1, III, IV

[Law on the revision of certain statutes governing rules pertaining to the performance of the national economy, dated 23 Oct 87]

[Text] Article 1

The following amendments are incorporated in the Decree of 8 June 1972 on the Performance and Organization of Crafts (DZ.U., Item 40, No 7, 1983; Item 24, No 5, 1984; Item 12, No 3, 1985; and Item 89, No 17, 1986):

1) Paragraph 2 of Article 32 is reworded as follows:

"2. Members of the crafts chamber are guilds whose seats are located in the area of its activities. Crafts cooperatives may associate themselves into a crafts chamber on voluntary principles";

2) In Paragraph 2, Article 33, the term "units" is replaced with the term "guilds";

3) In Paragraph 2, Article 37, the following second sentence is added: "Crafts cooperatives may also be union members";

4) In Article 38:

a) In Paragraph 4 the expression "and crafts cooperatives" is deleted;

b) In Paragraph 6 the expression "as well as crafts cooperatives" is deleted.

5) In Article 40:

a) Paragraph 1 is reworded as follows:

"1. The Central Crafts Union has the same rights as those granted to a central union of cooperatives under the Cooperative Law Decree with respect to the cooperatives associated in that union."

b) Paragraph 2 is revoked.

6) In Paragraphs 1 and 2, Article 43, the expression "crafts cooperatives" is deleted.

Article 2

In the Decree of 19 October 1972 on Inventions (DZ. U., Item 177, No 33, 1984, and Item 123, No 21, 1987), the term "parent agency" is to be replaced each time with the expression "the minister of industry or other concerned ministers."

Article 3

The following revisions are incorporated in the Decree of 26 March 1976 — Customs Law (DZ. U., Item 290, No 57, 1984):

1) In Article 3:

a) After Paragraph 1, the following Paragraph 1a is inserted:

"1a. Foreign trade also includes the imports and exports of goods, specified on a list determined by the minister of foreign economic cooperation, trade in which does not require applying for a permit to engage in foreign trade activities";

b) In Paragraph 2 the expression "and Paragraph 1a" is inserted right after "Paragraph 1";

2) In Article 11 the following Paragraph 1a is inserted after Paragraph 1:

"1a. The imports and exports referred to in Paragraph 1 of the goods identified on the list determined by the minister of foreign economic cooperation require a permit";

3) The term "minister of foreign trade" in that Decree is to be replaced in each case with the term "minister of foreign economic cooperation."

Article 4

Articles 16, 23, 26, and 29 of the Decree of 8 February 1979 on the Quality of Construction Products, Services, Operations, and Facilities (DZ. U., Item 7, No 2) are revoked.

Article 5

The following amendments are incorporated in the Decree of 25 September 1981 on State Enterprises (Dz. U., Item 122, No 24, 1981; Item 289, No 45, 1982; Item 165, No 36, and Item 176, No 39, 1983; and Item 242, No 45, and Item 275, No 54, 1984):

1) The following Point 2 is appended to Article 6:

"2) the "Airports" State Enterprise";

2) In Article 9:

a) The following Point 3 is appended to Paragraph 1:

"3) the National Bank of Poland and state banks";

b) the following Paragraph 1a is inserted after Paragraph 1:

"1a. In justified instances a state agency other than the agency named in Paragraph 1 may establish a state enterprise upon consulting an executive or national agency of state administration that is appropriate with respect to the nature of the enterprise being established";

3) The following Article 9a is inserted after Article 9:

"Article 9a. The parent agency may, upon consulting another agency authorized to establish state enterprises, transfer thereto the powers and obligations of a parent agency with respect to a specified state enterprise";

4) The following Article 16a is inserted after Article 16:

"Article 16a. A state enterprise may, jointly with other legal entities or individuals, establish, for economically justified ends, economic organizations specified by law";

5) In Article 23 Paragraph 3 is rescinded;

6) The following Articles 26a and 26b are inserted after Article 26:

"Article 26a. 1. In economically justified cases the worker council and director of the state enterprise may jointly request the parent agency's approval for converting the enterprise to a joint-stock company.

"2. When the parent agency grants such approval, it also specifies the conditions for liquidating the enterprise in order to establish the joint-stock company.

"3. Consent by the parent agency should be preceded by preliminary proceedings which are governed by the corresponding provisions of Article 12.

"Article 26b. The Council of Ministers shall define by means of an ordinance the conditions and procedure for the merger, break-up, and liquidation of state enterprises and the procedure for liquidating a state enterprise in order to establish a joint-stock company";

7) The following Paragraph 4a is inserted after Paragraph 4, Article 34:

"4a. Submitting a protest results in suspension of the decision to appoint or recall a director until the protest is considered or the matter resolved in court. During the period of suspension of the decision to appoint a director, the parent agency may designate an acting director of the enterprise";

8) In Article 40, Paragraph 2 and the designation of Paragraph 1 are deleted;

9) Paragraph 2 of Article 49 is reworded as follows:

"2. If engaging in a new activity results in the abandonment or marked curtailment of the activities specified in the founding charter of the enterprise, the parent agency may obligate the enterprise to discontinue the new activity";

10) The following Paragraph 1a is inserted after Paragraph 1 in Article 56:

"1a. The Council of Ministers may specify, by means of an ordinance, cases of peril to the basic interests of the national economy that justify suspending an enterprise director from his post";

11) In Article 59:

a) The current text is designated Paragraph 1;

b) The following Paragraph 2 is inserted:

"2. Other enterprises may associate themselves on the principles defined in the agreement to form an association";

12) Article 60 is reworded as follows:

"Article 60. 1. An association of state enterprises is formed on the basis of an agreement concluded with the consent of the worker councils at the enterprises forming the association.

"2. In socially and economically indispensable exceptional cases, with the object of fulfilling a particular economic target, the Council of Ministers may obligate a particular enterprise to conclude an agreement to form an association."

Article 6

In the Decree of 25 September 1961 on Workforce Self-Government at State Enterprises (DZ. U., Item 123, No 24, 1961; DZ. U., Item 88, No 17, 1986), in Article 49, Paragraph 2 and the designation of Paragraph 1 are deleted.

Article 7

In the Decree of 26 February 1982 on Socioeconomic Planning (DZ. U., Item 26, No 4), the following amendments are incorporated:

1) Point 3 in Article 8 is reworded as follows:

"3) annual (financial-material plans, henceforth termed central annual plans)";

2) In Paragraph 3, Article 10:

a) in Point 2 the expression "especially in subsector-branch and local systems" is deleted;

b) in Point 8 the terms "subsector-branch" are deleted;

3) In Paragraph 1 of Article 11, in the second sentence, the term "financial and material" is inserted after the term "basic proportions" and, following the period, the sentence "The Central Annual Plan comprises the state's financial plan" is added.

4) In Paragraph 2 of Article 12 the expression "the state's financial balance sheet" is replaced with "the state's multiannual financial balance sheet";

5) In article 26:

a) in Point 6 the connective "and" is replaced with a comma and the expression "balance sheet of personal incomes and expenditures" is inserted after "balance of payments";

b) in Point 7 the expression "and the realization of the balance sheet of personal incomes and expenditures" is added at the end.

6) In Article 27:

a) in Point 2 of Paragraph 1 the expression "financial balance sheet of the state" is replaced with "balance sheet of personal incomes and expenditures";

b) in Paragraph 3 the expression "balance sheet of personal incomes and expenditures" is deleted;

7) In Paragraph 1 of Article 29, following the expression "central annual plans," the period is replaced with a comma and the expression "provided that the draft financial plans of the state are prepared by the minister of finance in cooperation with the Planning Commission under the Council of Ministers" is added.

Article 8

In the Decree of 26 February 1982 on the Financial Management of State Enterprises (Dz. U., Item 44, No 8, Item 192, No 39, and Item 226, No 47, 1986), the following amendments are incorporated:

1) In Point 5, Paragraph 2, Article 28, the term "parent agency" is replaced with "the proper minister";

2) Point 1, Paragraph 6, Article 45, is reworded as follows:

"1) to the central budget — are paid to the Industry Restructuring Fund;

3) The following Article 49 is inserted after Article 48:

"Article 49.1. The provisions of Article 45 become void as of 31 December 1988.

"2. The depreciation rate for state enterprises include in the "Industry" Section, with the deductions to be transferred during 1989 and 1990 to the Industry Restructuring Fund, is determined pursuant to separate regulations."

Article 9

The following changes are introduced in the Decree of 26 February 1982 — Banking Law (DZ. U., Item 56, No 7, 1982, and Item 318, No 71, 1983):

1) Article 9 is reworded as follows:

"Article 9.1. Draft credit plans and assumptions of the state's money and credit policy are prepared by the National Bank of Poland in cooperation with other banks.

"The National Bank of Poland cooperates with the minister of finance in preparing the balance sheet of personal incomes and expenditures."

2) In Article 12:

a) in Paragraph 1 the expression "balance sheet of personal incomes and expenditures and" is deleted;

b) in Paragraph 2 the expression "the balance sheet and" is deleted;

c) in Paragraph 3 the expression "balance sheet of personal incomes and expenditures and" is deleted;

d) Point 1, Paragraph 5, is reworded as follows:

"1) of the credit plan";

e) Paragraph 6 is reworded:

"e) the chairman of the National Bank of Poland:

"1) submits, after consulting the Council of Ministers, to the Council of Ministers quarterly or monthly reports on the fulfillment of the plan for foreign payments;

"2) cooperates with the minister of finance in preparing quarterly or monthly plans and reports on the balance sheet of personal incomes and expenditures."

Article 10

The following amendments are incorporated in the Decree of 26 February 1982 on the Right to Engage in Foreign Trade (DZ. U., Item 59, No 7):

1) Article 3 is reworded as follows:

"Article 3.1. Foreign trade activities are plied by export-import enterprises established by the minister of foreign economic cooperation.

"2. Foreign trade activities may also be plied by legal entities other than those mentioned in Paragraph 1, as well as by individuals who are granted the requisite concession, with the proviso of Paragraph 3.

"3. The requirement of obtaining a concession does not apply to the legal entities and individuals engaging in trade and services who are named on the list given in an ordinance by the minister of foreign economic cooperation.

"4. When determining the list referred to in Paragraph 3, the minister of foreign economic cooperation may limit trade in specified goods or services to particular markets."

2) In Point 1, Paragraph 1, of Article 8 the number "25" is replaced with the number "5";

3) The following Article 16 is inserted after Article 15:

"Article 16. Corresponding provisions of Article 4 and Point 2, Paragraph 1, of Article 4 apply to the foreign trade activities plied in exemption from the requirement of obtaining a concession";

4) The previous Article 16 is now designated Article 17;

5) the expression, employed in the Decree, "minister of foreign trade" is each time to be replaced by the expression "minister of foreign economic cooperation."

Article 11

The following amendments are incorporated in the decree of 16 September 1982 on the Cooperative Law (DZ. U., Item 210, No 30, 1982; Item 176, No 39, 1983; and Item 192, No 39, 1986):

1) Paragraphs 1 and 3 in Article 4 are reworded as follows:

"Paragraph 1. A cooperative is free to choose associating itself with one of the central cooperative unions performing auditing functions and called hereinafter "central union." In addition the cooperative may associate itself with other cooperative unions in order to pursue common economic and social goals.

"Paragraph 3. As regards cooperatives that are not associated with a central union or a similarly empowered organization, the Supreme Council acts toward such cooperatives in the capacity of a central union by auditing their activities, their liquidation, and their bankruptcy, as well as with respect to matters mentioned in Articles 43, 47, Paragraph 1 of Article 76, and Articles 88 and 205 of the Decree";

2) In Article 6, Paragraphs 3-6 are deleted;

3) In Article 7:

a) in Paragraph 1 the clauses "at the latest within 2 months from the day the declaration of necessity is received" and "In the event that no request is made within that period, the declaration of necessity becomes invalid" are deleted;

b) Point 3 in Paragraph 2 is deleted;

4) Article 9 is deleted;

5) In Point 10, Paragraph 1 of Article 38, the expression "the resolution to withdraw from the central union should include the decision to join another central union" is deleted;

6) In Article 66:

a) Paragraph 2 is deleted;

b) Paragraph 3 is reworded as follows:

"Paragraph 3. The cooperative is dutybound to notify the registry court about the resolution to amend its statute within a month from the date it is passed, on enclosing two copies of the minutes of the general meeting";

7) Paragraph 2 of Article 76 is reworded as follows:

"Paragraph 2. The convention of delegates of the central union may adopt a resolution to establish a central development fund designed for providing assistance to the member cooperatives and facilitate their operations, upon fixing the amount of contributions to be made by the cooperatives to that fund from their balance-sheet surplus. The fund will be administered by the central union associating the cooperatives";

8) Paragraph 2 of Article 77 is reworded as follows:

"Paragraph 2. If the balance-sheet surplus is to be distributed among members in the form of interest paid on their shares, the amount of that interest is determined by the general membership meeting";

9) In Article 83:

a) Paragraph 2 is reworded as follows:

"Paragraph 2. Cooperative dues for executing tasks for the other unions which the cooperative has joined are defrayed from the balance-sheet surplus";

b) The following Paragraph 3 is added:

"Paragraph 3. For performing the functions specified in Paragraph 3 of Article 4, the Supreme Council charges fees in amounts determined by a resolution of the general membership meeting. These fees are part of the operating cost of the cooperative";

10) In Paragraph 2 of Article 102 the sentence "Amendments of the statute due to a merger of the cooperative require no declaration of necessity" is deleted;

11) In Paragraph 1 of Article 106 the sentence "Amendments of the statute due to the incorporation of an organizational unit require no declaration of necessity" is deleted;

12) Article 110 is reworded as follows:

"Article 110. Within 14 days from the date of its election the governing board of the newly formed cooperative is obligated to apply for registering the cooperative, while the governing board of the previous cooperative is obligated to apply for the registration of its break-up. These applications should both include a copy of the resolution of the general membership meeting";

13) In Article 208:

a) Paragraph 5 is reworded as follows:

"Paragraph 5. Payments by cooperatives to the central development fund referred to in Paragraph 2, Article 76, are made out of their normal incomes; in the event that such incomes are not attained, said payments are made out of the dues of cooperative members as voted upon at the general membership meeting";

b) the following Paragraph 5a is added:

"Paragraph 5a. The provisions of the preceding Paragraph apply correspondingly to the payments of cooperative dues for the performance of tasks for a cooperative union that the cooperative has joined when said union is not a central union";

14) In Paragraph 3 of Article 240 the expression "associates itself with" is replaced with "may associate itself with" and the expression "for it" is deleted;

15) Article 246 is reworded as follows:

"Article 246. The union becomes a legal entity once it is entered in the registry, upon proper application of the provisions of Articles 7 and 8";

16) Paragraph 2 and the designation of Paragraph 1 in Article 257 are deleted;

17) Point 10 of Article 259 is reworded as follows:

"10) functions as a central union, as defined by the Decree, with regard to the cooperatives not associated in a central union;

18) In Article 262:

a) The following Point 3 is added to Paragraph 1:

"3) Representatives of the cooperatives not belonging to a central union, as elected through a procedure established by the general membership meeting";

b) Paragraph 3 is deleted;

19) In Article 266 the term "services and benefits" is added every time after the term "cooperative";

20) The expression "the proper central union" as used in the Decree is in each case replaced with the expression "the central union."

Article 12

The following amendments are incorporated in the Decree of 20 July 1983 on the System of People's Councils and Local Self-Government (DZ. U., Item 185, No 41, and Item 286, No 62, 1983; Item 100, No 21, and Item 173, No 31, 1984; Item 80, No 14, 1985; Item 227, No 47, 1986; and Item 83, No 14, 1987):

1) Point 4, Paragraph 2, of Article 32 is reworded as follows:

"4) Local manufacturing enterprises as well as enterprises and plants of petty industry, trade, and services, and also dining establishments";

2) The following Paragraph 4 is added to Article 57:

"4. A local enterprise may be a state enterprise established through a procedure other than specified in Paragraph 1 or Paragraph 2, if, pursuant to the Decree or its implementing regulations, said enterprise is placed under the jurisdiction of the people's council(s)."

Article 13

The following amendments are incorporated in the Decree of 26 January 1984 on the Principles for Establishing Plant Pay Systems (DZ. U., Item 25, No 5):

1) In Article 23:

a) Paragraph 2 is reworded as follows:

"2. The original of the agreement is appended to the recommendation referred to in Paragraph 1";

b) Paragraph 3 is deleted;

2) Article 23 is deleted.

Article 14

The following amendments are incorporated in the Decree of 2 December 1984 — The Budget Law (DZ. U., Item 283, No 56, 1984; Item 296, No 59, 1985; and Item 202, No 42, 1986):

1) The title of Chapter 4 is changed to "Financial Planning";

2) In Point 2 of Paragraph 4 of Article 26:

a) subpoint c) is reworded as follows:

"c) spending from social security funds";

b) subpoint d) is deleted;

3) The following Articles 28a and 28b are added after Article 28:

"Article 28a. 1. The minister of finance will, upon consulting the Planning Commission under the Council of Ministers, prepare a draft annual financial plan of the state as a component part of the Central Annual Plan;

"The draft financial plan of the state will allow for the possibility of adapting the planned material targets to the financial capabilities of the state and serve to assure meshing the basic directions of the flow of financial resources with the directions of the allocation of material resources.

"3. The annual financial plan of the state comprises the revenues and expenditures defined in Paragraph 4 of Article 26.

"Article 28b. The minister of finance shall submit to the Council of Ministers a draft balance sheet of personal incomes and expenditures";

4) In Article 35 the expression "and the draft financial balance sheet of the state" is deleted.

Article 15

The following amendments are incorporated in the Decree of 31 January 1985 on Petty Industry (Dz. U., Item 11, No 3):

1) In Article 20 and Paragraph 2 of Article 23 the expression "chairman of the Council of Ministers" is each time replaced with "minister of industry";

2) In Article 25, Paragraphs 2 and 3 and the designation of Paragraph 1 are deleted.

Article 16

The following amendments are incorporated in the Decree of 10 July 1985 on Mixed Enterprises (DZ. U., Item 142, No 32, 1985; and Item 72, No 12, 1986):

1) In Article 7:

a) Paragraph 1 is reworded as follows:

"1. The state enterprise or research and development center is dutybound to notify its parent agency of its intention to conclude an agreement for establishing a mixed enterprise or joining such an enterprise. The agreement becomes valid if the parent agency offers no objection within 14 days from the date it is notified thereof. An objection may be offered pursuant to the provision of Paragraph 5. In the event that an objection is offered, the state enterprise or research and development center has the right to petition, within 14 days afterward, a court for arbitration of the dispute";

b) In Paragraph 2 the expression "scientific research institutes" is deleted;

c) Paragraph 3 is reworded as follows:

"3. The notice referred to in Paragraph 1 or the request for approval referred to in Paragraph 2 should include information on the mixed enterprise being formed and

specify the kind and scale of its economic activity and the expected consequences of its establishment to the scope of activities of the enterprise, nonprofit public organization, or other state organizational unit";

d) Paragraph 4 is deleted;

2) The expression "scientific research institutes" in the Decree in question is each time replaced with "research and development centers."

Article 17

The following amendments are incorporated in the Decree of 23 December 1985 on Central Funds for Science and Technology Development (DZ. U., Item 297, No 59, 1985; Item 226, No 47, 1986; and Item 126, No 22, 1987):

1) Paragraph 2 of Article 3 is reworded as follows:

"2. The monies from the fund are annually distributed by the Council of Ministers upon the recommendation of the Committee for Science and Technology Progress under the Council of Ministers, hereinafter referred to as the 'Committee.' The Council of Ministers shall at the same time determine the size of the contribution from the Central Fund for Promoting the Spread of Innovations to be made to the Industry Restructuring Fund";

2) In Paragraph 1 of Article 5 the clause "and to be contributed to the Industry Restructuring Fund" is added at the end.

Article 18

The following amendments are incorporated in the Decree of 23 April 1986 on Joint-Stock Companies With Foreign Participation (DZ. U., Item 88, No 17):

1) Point 3 of Paragraph 2 in Article 9 is deleted;

2) The expression "minister of foreign trade" used in the Decree in question is to be replaced each time with "minister of foreign economic cooperation."

Article 19

The associations existing as of the date on which the present Decree becomes effective, when formed pursuant to Paragraph 2 of Article 60 of the decree referred to in Article 22, are subject to being disbanded within 3 months from the date the present Decree becomes effective, unless the deadlines for their disbanding expire earlier.

Article 20

Until the period ending in 1990 the central annual plans shall, as part of the solutions envisaged by separate regulations, specify the conditions enabling housing cooperatives to fulfill their obligations toward persons who are members of these cooperatives on the day the Decree becomes effective.

Article 21

With respect to the draft 1988 budget decree, the deadline for the passage of the draft decree and its submission to the Sejm by the Council of Ministers, as specified in Paragraph 1 of Article 37 of the Decree of 3 December 1984 on the Budget Law (DZ. U., Item 283, No 56, 1984; Item 286, No 59, 1985; and Item 202, No 42, 1986) is hereby extended for one month.

Article 22

The chairman of the Planning Commission under the Council of Ministers shall publish in *DZIENNIK USTAW* the definitive text of the Decree of 25 September 1981 on State Enterprises (DZ. U., Item 122, No 24, 1981; Item 289, No 45, 1982; item 165, No 36, and Item 176, No 39, 1983; Item 242, No 45, 1984; Item 275, No 54; and Item 181, No 33, 1987) with allowance for the regulations published prior to the date of issuance of the definitive text and upon employing a continuous numeration of chapters, articles, paragraphs, and points.

Article 23

This Decree is effective as of the day of its publication, with the proviso that the provisions of Point 9, Article 11, and Point 13, b), shall become effective on 31 March 1988, while the provisions of Article 3, Points 5 and 6 of Article 5, Article 7, Point 2 of Article 8, and Articles 9, 10, and 14 shall become effective on 1 January 1988.

Structural Changes Fund Formed

26000110 Warsaw *RZECZPOSPOLITA*
(*REFORMA GOSPODARCZA Supplement No 116*)
in Polish 5 Nov 87 pp 1, III

[Law on the Structural Changes Fund in Industry, dated 23 Oct 87]

[Text] Article 1

The Industry Restructuring Fund, hereinafter referred to as "the Fund," is hereby established.

Article 2

1. The purposes of the Fund include financial assistance — in accordance with the directions of the state's restructuring policy — for application and modernization projects in industry that consist, in particular, in:

1) launching the production of up-to-date products and introducing technologies that meet world standards;

- 2) launching and developing the energy- and materials-conserving types of production and technologies;
- 3) expanding or commencing profitable exports of finished products;
- 4) reclaiming parts and utilizing secondary raw materials;
- 5) acquiring licenses and results of research work;
- 6) modernizing the facilities for improving safety and hygiene of labor.

2. The resources of the Fund can be used to sponsor the projects referred to in Paragraph 1 if the share of construction and installation operations in the overall outlays on these projects does not exceed 30 percent.

Article 3

1. The following are sources of income of the Fund:

- 1) voluntary contributions by enterprises and other economic organizations from profits available for distribution from the development fund and the technical-economic progress fund;
- 2) contributions of part of the depreciation credit from state industrial enterprises;
- 3) part of the resources of the Central Fund for the Promotion of Innovations, in an amount specified by separate regulations;
- 4) subsidies from the central budget;
- 5) payments by organizations of the socialized sector by virtue of:
 - a) sales of products (services) whose production becomes prohibited or which are based on prohibited energy- and materials-intensive production technologies or on the use of certain prohibited producer goods and services, with such sales to be performed pursuant to separate regulations;
 - b) violations of state norms for the consumption of fuels, energy, and raw and other materials, as governed by separate regulations;
 - c) surcharges imposed on violations of ceilings on the consumption of electrical power and gaseous fuels;
 - d) fines imposed on organizations of the socialized sector for failure to adhere to the regulations governing fuel and power management;
 - e) revenues from surcharges on prices of automotive tires imposed on organizations of the socialized sector which do not sell tires amenable to retreading;

8) fines paid by economic organizations for failure to recover or properly utilize secondary raw materials;

9) payments of part of the depreciation credit of state enterprises of the extractive, power, and gas industry, as well as of the entire depreciation credit for mining machinery under centralized management, with such credit being subject to transfer to centralized funds in accordance with the regulations governing the financial management of state enterprises;

10) revenues from the fund surpluses obtained through sales of the assets — exceeding the liabilities — of disbanded state industrial enterprises whose parent agency is the minister of industry;

11) revenues from the Fund's participation in joint-stock companies, mixed enterprises, and joint ventures;

12) other payments, monies from other funds and centralized accounts, and donations.

2. The amounts of the payments referred to in Point 2 of Paragraph 1, as binding after 1990, will be defined in national socioeconomic plans.

Article 4

1. The Fund maintains a foreign-exchange bank account.

2. Deposited in the foreign-exchange bank account are the:

- a) funds earmarked for this purpose in central annual plans, in proportion to foreign-exchange revenues from profitable exports of industrial products and services, up to a level of not more than 10 percent;
- b) funds acquired in the course of currency negotiations;
- c) funds from loans contracted and credit grants received;
- d) other revenues.

3. The foreign exchange kept in the account is divided into convertible currencies, clearinghouse funds, and ruble funds.

Article 5

The Fund may increase in size by issuing bonds and applying for credit or loans.

Article 6

The Fund may allocate its monies for:

- 1) granting loans promoting the state's restructuring policy and the restructuring initiatives of enterprises;

2) granting nonreturnable subsidies, especially in the case of energy- and materials-conserving projects, whose effects benefit chiefly the users of the products;

3) buying partnership shares in joint-stock companies;

4) acquiring initial equipment for newly established enterprises, new sections or departments in existing enterprises, and modern organizational systems;

5) acquiring bonds and stocks of enterprises when such bonds or stocks are issued with the object of financing structural changes in industry.

Article 7

The Fund is a legal entity.

Article 8

The bodies of the Fund are the Supervising Council and the Governing Board.

Article 9

1. The Supervising Council has 11 members.

2. The Supervising Council consists of: the chairman, vicechairmen, and members, who are appointed and recalled by the minister of industry, and who include one representative each from the Committee for Science and Technology Progress under the Council of Ministers, the Planning Commission under the Council of Ministers, the minister of finance, the minister of the internal market, and the minister of foreign economic cooperation.

3. The duties of the Supervising Council include:

1) voting the Fund's plans of activities;

2) approving the Board's recommendations for granting loans and purchasing partnership shares in joint-stock companies when the amount in question exceeds 1 billion zlotys, and approving the Board's recommendations for granting subsidies that exceed 100 million zlotys;

3) determining the criteria for selection of projects to be financed by the Fund;

4) approving the Board's recommendations for the issuance of bonds and for credit and loan requests by the Fund;

5) determining the principles for remuneration of Board members and office employees of the Fund;

6) approving annual reports of the Board on the activities and balance sheet of the Fund;

7) monitoring the activities of the Board and offices of the Fund;

8) submitting to the minister of industry annual reports on the Fund's activities.

4. The Minister of Industry shall determine the monthly salaries of members of the Supervising Council.

Article 10

1. The Board of the Fund consists of the chairman and vice chairmen, who are appointed and recalled by the minister of industry upon the recommendation of the Supervising Council.

2. The duties of the Board include:

1) drafting plans of activities, with special consideration of economic objectives;

2) selecting projects for financing by the Fund;

3) administering the Fund's resources, and in particular granting loans and subsidies, purchasing partnership shares, and purchasing stocks and bonds, with the proviso that the pertinent powers of the Supervising Council be respected;

4) monitoring the utilization of the loans and subsidies granted from the Fund's resources;

5) preparing analyses and forecasts of structural changes in the economy;

6) submitting activity reports to the Supervising Council;

7) hiring office employees for the Fund and determining their working conditions and salaries.

4. The Board will provide on demand to the Supervising Council any documents and materials pertaining to the Fund's activities.

Article 11

1. The chairman of the Board represents the Fund externally.

2. The following are authorized to make declarations concerning the property rights and duties of the Fund:

1) the chairman of the Board, independently;

2) two persons acting jointly from among:

a) other members of the Board;

b) representatives appointed by the chairman of the Board and acting within the limits of their competences.

Article 12

1. The Fund creates a statutory fund, a reserve fund, and special funds, if so provided for by separate regulations.

2. The statutory fund consists of, in particular, the net value of fixed assets, nonmaterial and legal values, and liquid capital derived from the revenues referred to in Article 3.

3. The reserve fund consists of part of the profits deriving from financial operations associated with shareholding, stocks, and the purchased bonds.

4. The operating cost of the Fund is defrayed from the revenues derived from the interest charged on loans, from shareholding, and from profits from the projects financed by the Fund.

5. The yearly balance sheet of the Fund is subject to auditing by a Treasury office to be named by the minister of finance.

6. Revenues from the Fund's operation are exempt from income tax.

Article 13

The specific principles and operating procedure of the bodies of the Fund and the principles for its financial management are defined in the statute of the Fund, conferred by the minister of industry in consultation with the minister of finance.

Article 14

The minister of industry submits to the Council of Ministers annual reports on the operations of the Fund.

Article 15

In the event that an organization of the socialized sector is in arrears with the payments — referred to in Points 2 and 5-10, Paragraph 1, of Article 3 — it owes the Fund, that organization is obligated to pay interest on its arrears at the same rate as that of the interest charged for delays in paying tax obligations.

Article 16

1. For 1988 the Fund is to be credited with depreciation credit from state enterprises, meaning the credit normally subject to transfer to the central budget and referred to in Article 45 of the Decree of 26 February 1982 on the Financial Management of State Enterprises (DZ. U., Item 44, No 8, 1986, item 192, No 39, 1986, and Item 226, No 47, 1986; and also item 181, No 33, 1987).

2. The Council of Ministers shall determine by an ordinance the percentage of depreciation credit subject to being paid to the Fund by the state industrial enterprises in the years 1989 and 1990, with the proviso that it cannot exceed 25 percent of the entirety of such credit.

Article 17

The term "state industrial enterprises" employed in this Decree is construed to mean state enterprises that settle accounts with the central budget and are included in the "Industry" Section in the classification of the national economy.

Article 18

1. Revenues from the specific funds referred to in Points 5-8, Paragraph 1, Article 3 of this Decree, established pursuant to the regulations referred to in Point 1, Article 97, of the Decree of 3 December 1984 — The Budget Law (DZ. U., Item 283, No 56, 1984; Item 296, No 59, 1985; Item 202, No 42, 1986; and Item 181, No 33, 1987) are the revenues of the Fund.

2. The chairman of the Council of Ministers shall compile a list of the specific funds referred to in Paragraph 1, as well as of other funds and centralized accounts which become the revenues of the Fund.

3. The balance of the funds and accounts referred to in Paragraph 2, as well as of the centralized development funds referred to in Point 10, Paragraph 1, of Article 3, and their assets and liabilities, is subject to being transferred to the ownership of the Fund as of their status on 31 December 1987.

Article 19

This Decree shall become effective on 1 January 1988

Internal Market Ministry

26000/110 Warsaw RZECZPOSPOLITA
(REFORMA GOSPODARCZA Supplement No 116)
in Polish 5 Nov 87 p 11

[Law on the formation of the Ministry of the Internal Market, dated 23 Oct 87]

[Text] Article 1

The office of the minister of the internal market is hereby established.

Article 2

1. The duties of the minister of the internal market include implementing the state's policy on the functioning of the internal market with respect to all economic organizations regardless of the forms of their ownership, and in particular:

- 1) drafting the assumptions of the economic policy on the internal market;
 - 2) providing the conditions for balancing supply and demand on the internal market by:
 - a) analyzing and forecasting the demand for consumer and producer goods, inclusive of raw and other materials, goods, and services;
 - b) analyzing and programming consumption models;
 - c) participating in programming the consumption of raw and other materials and goods for producer needs and the service industries;
 - d) participating in the drafting of balance sheets for the national socio-economic plans and central annual plans as well as drafting balance sheets of goods and services of basic importance to the national economy;
 - e) participating in the programming of structural changes in industrial production and initiating economic measures serving to augment the supply of goods and services;
 - f) programming, organizing, and supervising the implementation of government orders for materials, goods, and services;
 - g) determining the level and structure of targeted reserves and disposing of them;
 - h) participating in the development of instruments for influencing the scope and structure of demand, including cooperation in the shaping of price policy;
 - i) supporting the development of petty industry;
 - 3) providing the conditions for an efficient functioning and organization of internal trade and services by:
 - a) analyzing and programming the development of internal trade and services;
 - b) participating in the development of economic-financial systems for economic organizations representing various forms of ownership and engaging in internal trade and services;
 - c) programming the scale and structure of inventories for the needs of trade;
 - d) determining the rules for trade in scarce raw and other materials and goods and participating in the determination of rules for trade in scarce fuels;
 - e) organizing the system and assuring the conditions for the circulation of scientific, technical, and economic information relating to trade and services among trade organizations, suppliers, and customers;
 - f) initiating and taking organizational, economic, and legal measures to promote market competition and participating in the pursuit of anti-monopoly policies;
 - g) initiating and programming organizational forms of the conduct of trade and service activities;
 - h) initiating and broadening supplies of needed goods by means of foreign trade;
 - i) establishing and initiating the establishment of state enterprises, forming and initiating the formation of joint-stock companies, and initiating the creation of petty-industry firms and other organizational units;
 - 4) developing the principles for the selection, training, and advanced training of executive personnel and pursuing the related policies;
 - 5) taking steps to improve the quality of consumer goods and services and protect consumer rights by:
 - a) participating in the determination and monitoring of quality standards for goods and raw and other materials;
 - b) determining the list of goods subject to producer warranties as well as specific warranty requirements;
 - c) providing the conditions for an efficient quality testing of shipments received by trade;
 - d) cooperating with consumer and producer organizations in improving the performance of trade and services and exercising the rights of consumers;
 - e) making recommendations on the marking of merchandise with state quality badges;
 - f) specifying the conditions for the provision of services, including gastronomic and touring services, and classifying tourist and gastronomic establishments and facilities;
 - 6) performing duties relating to national defense and state security as well as other duties specified by separate regulations, including those pertaining to the management of state stockpiles and warehousing management.
2. The minister of the internal market issues:
 - 1) prohibitions against trade in goods and raw and other materials which do not meet the binding standards;
 - 2) prohibitions against the procurement of goods of unsuitable quality by internal-trade organizations.

Article 3

1. The minister of internal trade acts in the capacity of the parent agency toward state enterprises, and in the capacity of the watchdog agency toward research and development organizations, and as such exercises duties and performs tasks prescribed by separate regulations.

2. The tasks and duties referred to in Paragraph 1 are implemented by the minister of the internal market with respect to:

- 1) turnover in raw and other materials and goods;
- 2) services, including tourist and gastronomic services.

Article 4

1. The Council of Ministers may, by issuing an ordinance, determine the specific scope of competences of the minister of the internal market.

2. The organization of the Ministry of the Internal Market and the list of the organizational units subordinated to the minister of the internal market as well as of the state enterprises with respect to which said minister is the parent agency, are specified in the statute conferred by the Council of Ministers.

Article 5

1. The office of the minister of internal trade and services is hereby abolished.

2. The competences, outlined in separate regulations, of the ministers of internal trade and services and of materials and fuel management, and also of the chairman of the Main Committee for Physical Culture and Tourism, are hereby transferred to the minister of the internal market within the scope specified in this Decree.

3. The provisions of Paragraph 2 apply correspondingly to the competences of other ministers regarding turnover in producer goods handled by the enterprises referred to in Point 2, Paragraph 1, of Article 6.

Article 6

1. In consonance with the scope of his competences specified by this Decree, the minister of the internal market becomes on the effective date of this Decree the parent agency of the:

1) state enterprises whose parent agencies had been the minister of internal trade and services and the chairman of the Main Committee for Physical Culture and Tourism, and which provide tourism-related services, with the exception of enterprises whose list shall be compiled by the Council of Ministers;

2) state enterprises engaging in trade in producer goods.

2. The Council of Ministers shall identify, when compiling the list of enterprises referred to in Point 1 of Paragraph 1:

1) the enterprises and executive or national agencies of state administration which shall be the parent agencies of these enterprises;

2) the enterprises which shall be subordinated to people's councils, upon naming these councils.

Article 7

This decree becomes effective on the date of its publication.

Labor & Social Policy Ministry

26000/110 Warsaw RZECZPOSPOLITA
(REFORMA GOSPODARCZA Supplement No 116)
in Polish 5 Nov 87 p 11

[Law on the formation of the Ministry of Labor and Social Policy, dated 23 Oct 87]

[Text] Article 1

The office of the minister of labor and social policy is hereby established.

Article 2

1. The duties of the minister of labor and social policy include drafting the assumptions and carrying out the policy of the state with regard to: employment and an efficient utilization of manpower resources, organization of labor and working conditions, wages and other pay allowances and benefits, and social policy, including social security and social services.

2. In particular, the minister of labor and social policy exercises the duties defined in Paragraph 1:

1) with respect to employment and an efficient utilization of manpower resources, by:

a) analyzing the adherence to the provisions of the labor law code and participating in this respect with the appropriate ministers and agencies;

b) participating in the drafting of balance sheets of manpower resources;

c) participating in the planning of vocational and professional training of manpower for the national economy as well as of job counseling;

d) coordinating advanced vocational and professional training programs;

e) propagating methods and techniques of work with personnel;

f) disposing of the resources of the State Vocational Activation Fund;

2) with respect to the organization and humanization of working conditions, by:

a) propagating effective solutions relating to the organization of labor;

b) initiating measures relating to job certification and output quotas;

c) analyzing and evaluating the utilization of work time;

d) coordinating the research into job category classifications performed at other ministries;

e) working out the assumptions and directions of improvements in the safety and hygiene of labor;

f) drafting the rules for the provision of preventive health care in cases of hazardous and arduous working conditions;

3) with respect to wages and other benefits, by:

a) developing and propagating procedures for the valuation of labor and the principles for determining wage-category and basic-wage rates and tables;

b) drafting the rules for determining minimum wages and guiding wage relations;

c) drafting the rules for the introduction of incentive pay systems at work establishments;

d) evaluating and registering collective labor agreements;

4) with respect to social policy, inclusive of social security and social services, by:

a) determining the levels of monetary social-security benefits and old-age pensions and annuities for employees and their families as well as for other population groups;

b) analyzing and evaluating the dynamics of the personal incomes and cost of living for discrete population groups;

c) organizing assistance and care for war veterans and their families and participating in this respect with war veteran organizations;

5) participating in the drafting of socioeconomic plans, the state budget, and the balance sheet of personal incomes and expenditures;

6) drafting nationally mandatory solutions concerning employment, wages and benefits, social security, and social services;

7) exercising tasks relating to national defense and state security as well as other tasks specified in separate regulations.

Article 3

The minister of labor and social policy is the official superior of the Social Insurance Establishment.

Article 4

1. The Council of Ministers may, by issuing an ordinance, determine the specific scope of competences of the minister of labor and social policy.

2. The organization of the Ministry of Labor and Social Policy and the organizational units subordinate to the minister of labor and social policy are defined in the statute conferred by the Council of Ministers.

Article 5

1. The following are hereby abolished:

1) the office of the minister of labor, wages, and social services;

2) the Office for War Veteran Affairs.

2. The competences, specified in separate regulations, belonging to the minister of labor, wages, and social services and the Office for War Veteran Affairs are hereby, within the limits specified in this Decree, transferred to the minister of labor and social policy.

Article 6

This Decree becomes effective on the date of its publication.

Transportation, Communications Ministry

26000110 Warsaw RZECZPOSPOLITA
(REFORMA GOSPODARCZA Supplement No 116)
in Polish 5 Nov 87 p 11

[Law on the formation of the Ministry of Transportation, Navigation and Communication, dated 23 October 1987]

[Text] Article 1

The office of the minister of transportation, navigation, and communications is hereby established.

Article 2

1. The duties of the minister of transportation, navigation, and communications include implementing the state's policy on transportation, maritime affairs, and communications, and in particular:

1) drafting the assumptions of the policy on transportation and communications;

2) drafting the assumptions of the maritime policy;

3) analyzing and forecasting the needs of the society, the economy, and the international market for transportation and communication services with the object of drafting assumptions, development programs, and planning-assessment studies;

4) assuring an efficient and effective performance of transportation and communications by:

a) participating in the development of economic-financial systems and instruments serving to guide the activities of the related economic organizations;

b) initiating organizational and economic-financial measures promoting an effective utilization of transportation and communications;

5) participating in the drafting of socioeconomic plans, the financial plan, the state budget, and the balance of payments;

6) determining directions of development and propagating scientific, technical, and organizational progress with the object of assuring appropriate quality and comprehensive servicing of the needs of the economy and the society with respect to transportation and communications, as well as rationally utilizing access to the sea by:

a) implementing the investment policy, inclusive of coordinating and supervising the implementation of central investment projects;

b) participating in the planning of research and development work;

c) providing the conditions for the application of up-to-date scientific and technical solutions with respect to, in particular, the modernization of means of transportation, automation of railroad routes, and the development of modern teleinformation networks;

d) providing the conditions for the circulation of scientific, technical, and economic information;

e) providing the technical, economic, and organizational conditions for the adaptation of the structure of means of transportation, maritime facilities, and communications to the requirements of an efficient servicing of the economy and the society;

f) establishing and initiating the establishment of state enterprises and other organizations, forming and initiating the formation of joint-stock companies, and initiating the formation of petty-industry enterprises;

g) determining the directions of and initiating the improvements in the organizational structure of transportation and communication systems;

7) participating in the planning of the development of the production of means of transportation and communications;

8) providing the conditions for a technically efficient and safe operation of transportation and communications by:

a) determining the conditions for the construction, maintenance, and operation of railroads, public roads, airports, harbors, and transportation, telecommunication, and postal structures and facilities;

b) determining the rules for road and air traffic as well as for sea and inland-waterway navigation;

c) determining the conditions for the provision of transportation and forwarding services;

d) determining the rules for the registration, record-keeping, and classification of vehicles, civilian aircraft, and inland-waterway vessels;

e) initiating the determination of conditions for the conduct of transportation operations;

f) determining the conditions for the training and granting of permits for motor vehicle operation and aviation personnel activities;

g) determining the rules for the creation, use, and shut-down of telecommunication facilities, lines, and networks;

h) determining the conditions for the organization of postal and telecommunication services and the distribution of newspapers and periodicals;

i) exercising state technical supervision of transportation and communications;

j) determining the rules for the certification of the crews of Polish seagoing vessels, and for the certifying supervision and registration of seagoing vessels and maritime radio communications and radio navigation;

k) licensing maritime navigation and fisheries;

9) planning and providing the conditions for the development of deep-sea fishery and the fishing industry;

10) providing the conditions for a rational utilization of the resources of the sea within the Polish economic zone and effective participation in the exploitation of international seas;

11) developing the principles and implementing the policy of the selection and advanced training of executive personnel for transportation, navigation, and communications;

12) participating in the implementation of foreign economic cooperation by:

a) initiating and concluding international agreements relating to transport, maritime affairs, and communications and the utilization of deep-sea resources, and in particular agreements relating to the modernization of the means and systems of transportation and communications;

b) assuring the conditions for the expansion of transit services;

c) determining the rules for and supervising the foreign cooperation of enterprises and other organizations engaging in transportation and communications;

d) determining the rules for the formation, activities, and shutdown of foreign missions and offices of transportation, navigation, and communications organizations;

13) drafting the policy on the performance of transportation services by units of the socialized and nonsocialized sectors as well as by individuals;

14) determining the tariffs for public postal and telecommunication services, freight rates, fees for aviation services, and also tariffs and fees for communications services — as published in the *DZIENNIK URZĘDOWY MINISTERSTWA TRANSPORTU, ŻEGLUGI I LACZNOŚCI* [Official Journal of the Ministry of Transportation, Navigation, and Communications];

15) performing duties relating to national defense and state security, and other duties specified in separate regulations.

Article 3

1. The minister of transportation, navigation, and communications exercises supervision over the "Polish State Railroads" Enterprise and the state organization "Polish Post, Telegraph, and Telephone."

2. The minister of transportation, navigation, and communications may entrust supervision of the state enterprises "Airports" and "Lot" Polish Airlines to the chief inspector of civilian aviation.

Article 4

1. The minister of transportation, navigation, and communications performs duties relating to the administration of maritime affairs, public roads, radio inspection, and state aviation supervision through the mediation of,

correspondingly, maritime offices, the General Directorate of Public Roads, the State Radio Inspectorate, and the chief inspector of civilian aviation.

2. The minister of transportation, navigation, and communications may, within the limits specified in separate regulations, instruct the "Airports" state enterprise to implement certain tasks relating to the exercise of state aviation supervision.

Article 5

1. The minister of transportation, navigation, and communications performs the duties and obligations of the parent agency of state enterprises and the agency supervising the activities of research and development centers in accordance with the principles and by the procedure specified in separate regulations.

2. The duties and obligations referred to in Paragraph 1 are performed by minister of transportation, navigation, and communications with respect to:

1) road transportation;

2) rail transportation;

3) pipeline transportation;

4) sea and inland-waterway transportation;

5) air transportation and aviation services;

6) wire, wireless, and satellite communications;

7) domestic teleinformation network;

8) land routes and sea lanes;

9) airports, seaports, and inland ports;

10) postal service and the distribution of periodicals;

11) sea and river repair shipyards;

12) maritime fishery;

13) protection of maritime environment;

14) sea rescue.

Article 6

1. The Council of Ministers may, by issuing an ordinance, define the specific scope of competences of the minister of transportation, navigation, and communications.

2. The organizational structure of the Ministry of Transportation, Navigation, and Communications and the list of the organizations subordinate to the minister of

transportation, navigation, and communications, and of the state enterprises with regard to which that minister acts as the parent agency, are specified in the statute conferred by the Council of Ministers.

Article 7

1. The following are hereby abolished:

- 1) the office of the minister of transportation;
- 2) the Office of the Maritime Economy;
- 3) the office of the minister of communications.

2. The competences, defined in separate regulations, of the minister of transportation, the Office of the Maritime Economy, and the minister of communications are, within the limits specified in this Decree, transferred to the minister of transportation, navigation, and communications.

Article 8

1. On the effective date of this Decree the minister of transportation, navigation, and communications becomes, in accordance with the scope of his competences specified by this Decree, the parent agency of the state enterprises whose parent agencies had previously been the minister of transportation, the minister-director of the Office of the Maritime Economy, and the minister of communications, with the exception of enterprises whose list shall be compiled by the Council of Ministers.

2. When determining the list of enterprises referred to in Paragraph 1, the Council of Ministers shall name:

- 1) the enterprises and executive or national agencies of state administration which shall be the parent agencies of these enterprises;
- 2) the enterprises which shall be subordinated to people's councils, upon naming these councils.

Article 9

This Decree becomes effective as of the day of its publication.

Foreign Economic Cooperation Ministry

26000110 Warsaw RZECZPOSPOLITA
(REFORMA GOSPODARCZA Supplement No 116)
in Polish 5 Nov 87 pp 11-111

[Law on the formation of the Ministry of Foreign Economic Cooperation, dated 23 Oct 87]

[Text] **Article 1.** The office of the minister of foreign economic cooperation is hereby established.

Article 2. 1. The duties of the minister of foreign economic cooperation include implementing the state's policy and coordinating the activities relating to foreign economic, commercial, and scientific-technical relations, and in particular:

1) drafting the assumptions of the policy for developing foreign economic cooperation;

2) participating in determining the directions of the pro-export orientation of the national economy and creating the conditions for economic integration within the framework of the Council for Economic Mutual Assistance and the foreign economic ties, by:

a) providing the economic, organizational, and legal conditions promoting the growth of foreign economic, trade, and scientific-technical relations with the object of a rational utilization of the international division of labor in the interest of the state;

b) taking measures to promote the strengthening of economic cooperation between Poland and the Union of Soviet Socialist Republics and other socialist countries;

c) participating in the coordination of the socioeconomic plans of the member countries of the Council for Economic Mutual Assistance;

d) participating in drafting the directions of structural changes of the economy;

e) initiating and assisting enterprise development projects that promote exports;

f) participating in the provision of conditions for the development of coproduction and industrial specialization;

g) initiating and stimulating the development of new forms of cooperation, and especially of joint investments, joint enterprises and R&D institutions, and joint-stock companies with the participation of foreign capital;

3) assuring an effective foreign economic cooperation and an efficient and smooth functioning of foreign trade by:

a) forecasting and planning the growth of foreign economic cooperation;

b) participating in the drafting of socioeconomic plans, the state budget, and the balance of payments;

c) participating in determining the basic exchange rate of the zloty;

d) developing economic instruments for promoting the growth of exports, improvements in their profitability, and rationalization of imports;

e) participating in the conduct of foreign-exchange policy with respect to economic organizations;

f) drafting the assumptions of the policy on customs duties and implementing that policy;

g) setting up an information system and determining the conditions for the circulation of information on foreign trade and foreign economic relations;

h) participating in improving the organizational structures of the economy relating to foreign economic cooperation;

i) developing organizational structures of foreign trade;

4) participating in the planning and implementation of the policy on foreign credit and payments;

5) concluding international trade agreements, monitoring their implementation, coordinating the conclusion of international agreements for economic and scientific-technical cooperation, and also representing the state in its economic relations with other countries and vis a vis the international organizations active in the domain of foreign trade;

6) performing tasks relating to the coordination of the activities of intergovernmental commissions and committees for economic and scientific-technical cooperation;

7) participating in the determination of the principles of personnel policy in foreign trade and the related foreign economic cooperation;

8) performing duties relating to national defense and state security, and other duties specified in separate regulations.

2. In addition, the tasks of the minister of foreign economic cooperation include:

1) granting permits for imports and exports of goods;

2) granting authorizations to engage in foreign trade;

3) identifying the goods and services to be traded which require authorizations to engage in foreign trade.

Article 3. The minister of foreign economic cooperation performs, following the rules and procedures specified in separate regulations, the duties and obligations of a parent agency of state enterprises and an agency supervising the activities of research and development centers.

Article 4. 1. The Council of Ministers may, by issuing an ordinance, define the specific scope of competences of the minister of foreign economic cooperation.

2. The organizational structure of the Ministry of Foreign Economic Cooperation and a list of organizational units subordinate to the minister of foreign economic cooperation and of state enterprises with respect to which said minister acts as the parent agency, are determined by the statute conferred by the Council of Ministers.

Article 5. 1. The office of the minister of foreign trade is hereby abolished.

2. The competences, defined in separate regulations, of the minister of foreign trade, within the scope determined by this Decree, are herewith transferred to the minister of foreign economic cooperation.

Article 6. This Decree becomes effective on the date of its publication.

Land Use Management, Construction

26000110 Warsaw RZECZPOSPOLITA
(REFORMA GOSPODARCZA Supplement No 116)
in Polish 5 Nov 87 pp III-IV

[Law on the formation of the Ministry of Land Use Management and Construction, dated 23 Oct 87]

[Text] **Article 1.** The office of the minister of land use management and construction is hereby established.

Article 2. 1. The duties of the minister of land use management and construction include implementing the state's policy on land use management, communal and housing economy, construction, and investments, with respect to any type of economic organization regardless of the form of its ownership, and in particular:

1) participating in drafting the assumptions of land-use and investment policies and drafting the assumptions of construction and housing policies;

2) assuring proper land use management by:

a) participating in drafting national and regional plans for land use management;

b) determining the rules for the drafting and monitoring of local plans;

c) forecasting the demand of housing construction for land;

d) determining the rules for the development of land for housing construction;

e) participating in the drafting of rules for determining investment sites;

f) implementing duties relating to the organization and operation of state construction supervision;

g) organizing and supervising the activities of geodetic-cartographic services;

3) providing the conditions for an efficient and smooth functioning of land use management, communal infrastructure, housing management, and construction, by:

a) performing analyses and forecasts of the related needs of the society and the economy, especially as regards housing construction;

b) participating in drafting socioeconomic plans, the financial plan, and the state budget;

c) participating in the development of economic-financial systems influencing the performance of state enterprises and other organizational units;

d) initiating and participating in the drafting of rules for housing construction loans and financing;

e) initiating organizational, economic, and financial measures promoting an effective utilization of production factors;

f) planning the pattern of geographical distribution of the construction industry in this country;

g) developing and propagating rules for the organization and operation of investor services;

4) determining the development directions and initiating, introducing, and popularizing science and technology progress as well as participating in the implementation of structural changes with the object of assuring the modernity and high quality of construction and an adequate exploitation of resources by:

a) participating in the determination and implementation of investment policy and planning investment activities;

b) providing the conditions for the application and propagation of modern urbanistic and architectural solutions;

c) planning the repair, renovation, and modernization of resources and housing stock;

d) participating in the planning of research and development work and providing the conditions for the application of modern scientific and technological solutions;

e) establishing or initiating the establishment of state enterprises, forming and initiating the formation of joint-stock companies, and initiating the establishment of petty-industry enterprises;

f) determining the directions of organizational restructuring of construction and communal economy;

g) providing the conditions for the circulation of scientific, technical, and economic information on construction, land use management, and communal infrastructure;

h) participating in the implementation of license policy, evaluating the utilization of the acquired licenses, and providing the conditions for their rational utilization;

i) determining the norms and methods of cost estimation, determining design norms and construction standards;

5) drafting the rules for and implementing the policy on the selection and advanced training of executive personnel in land use management and construction;

6) drafting and propagating the rules for a rational maintenance of buildings and structures;

7) participating in the implementation of foreign economic cooperation, specially in:

a) determining the rules for and supervising, within the scope specified by separate regulations, the implementation and assurance of effective exports of construction, as well as supervising the foreign cooperation of the related enterprises and other organizations;

b) initiating and forming joint enterprises with foreign economic organizations and joint-stock companies with the participation of foreign capital;

8) performing duties relating to national defense and state security, and other duties defined in separate regulations.

2. The minister of land use management and construction participates in determining the rules for a rational and conservative management of raw and other materials, fuels, and energy in construction, by:

1) setting and monitoring the application of consumption norms and standards, norms for the depletion of natural resources, and quality norms;

2) introducing prohibitions against the application of excessively materials- and energy-intensive materials and technologies in construction and communal economy.

Article 3. 1. The minister of land use management and construction performs, in accordance with the rules and procedures specified in separate regulations, the duties and obligations of a parent agency vis a vis state enterprises and of a supervisory agency vis a vis the activities of research and development centers.

2. The duties and obligations referred to in Paragraph 1 are performed by the minister of land use management and construction with respect to:

- 1) local land use planning;
- 2) construction, including housing construction;
- 3) land management and expropriation of real estate;
- 4) urban planning and architecture;
- 5) architectural-construction design;
- 6) housing management;
- 7) organization of the investment process and exercise of supervision over investment and construction projects;
- 8) communal infrastructure.

3. The minister of land use management and construction performs duties relating to geodesics and cartography, with the exception of administrative redivision and division of real estate and the keeping of records on land and buildings within gminas, and also with the exception of the related geodetic work.

Article 4. 1. The Council of Ministers may, by issuing an ordinance, determine the specific scope of competences of the minister of land use management and construction.

2. The organizational structure of the Ministry of Land Use Management and Construction and the list of organizational units subordinate to the minister of land use management and construction as well as of the state enterprises vis a vis which the minister is a parent agency is defined in the statute conferred by the Council of Ministers.

Article 5. 1. The following are hereby abolished:

- 1) the office of the minister of construction, land use management, and communal economy;
- 2) the Main Office of Geodesics and Cartography.

2. The competences, defined in separate regulations, of the minister of construction, land use management, and communal economy, as well as of the Main Office of Geodesics and Cartography are, within the scope specified in this Decree, hereby transferred to the minister of land use management and construction.

Article 6. 1. The minister of land use management and construction becomes, pursuant to the scope of his competences specified in this Decree, as of the effective date of this Decree, the parent agency of the state enterprises whose parent agencies had previously been the minister of construction, land use management, and communal economy, and the chairman of the Main Office of Geodesics and Cartography, with the exception of enterprises whose list shall be determined by the Council of Ministers.

2. The Council of Ministers, when determining the list referred to in Paragraph 1, shall name the:

- 1) enterprises and chief or supreme agencies of state administration that are to be the parent agencies of these enterprises;
- 2) enterprises which shall be placed under the jurisdiction of people's councils, upon naming these councils.

Article 7. This Decree becomes effective on the date of its publication.

Government Agencies Jurisdictions Defined

26000110 Warsaw RZECZPOSPOLITA
(REFORMA GOSPODARCZA Supplement No 116)
in Polish 5 Nov 87 p IV

[Law on changes in the jurisdictions of certain executive and national governmental agencies, dated 23 Oct 87]

[Text] Article 1

In the Decree of 7 April 1949 on the Protection of Nature (DZ. U., Item 180, No 25), in Article 3:

- a) in Paragraph 1 the expression "the state authorities in charge of the protection of nature" is replaced with "the minister of environmental protection and natural resources";
- b) in Paragraph 2 the term "the Council of Ministers" is replaced with "the minister of environmental protection and natural resources."

Article 2

In the Decree of 6 May 1953 — Mining Law (DZ. U., Item 12, No 4, 1978; and Item 186, No 35, 1984) the expression "chairman of the Council of Ministers" is replaced with "minister of industry."

Article 3

In the Decree of 13 June 1956 on the State Geodetic and Cartographic Service (DZ. U., Item 115, No 25, 1956, and Item 200, No 44, 1983) Article 18 is reworded as follows:

"Article 18. The redivision and division of real estate and the keeping of registries of land and buildings, regardless of their purpose, belong within the competences of:

- "1) the minister of land use management and construction with respect to urban areas;
- "2) the minister of agriculture and food industry with respect to gmina areas."

Article 4

The following amendments are incorporated in the Decree of 2 December 1960 on Railroads (DZ. U., Item 76, No 9, 1970; Item 115, No 12, 1971; Item 142, No 34, 1974; and Item 54, No 7, 1982):

1) Article 12 is reworded as follows: "Article 12. The PKP [Polish State Railroad] Enterprise is directed and represented by the director general of the PKP, who is appointed and recalled by the minister of transportation, navigation, and communications";

2) In Article 16 the term "minister of transportation" is replaced with "director general of the PKP";

3) the term "minister of transportation," as employed in the Decree in question is to be each time replaced with "minister of transportation, navigation, and communications."

Article 5

The following amendments are incorporated in the Decree of 31 May 1962 — Aviation Law (DZ. U., Item 153, No 32, 1962, and Item 272, No 53, 1984):

1) Article 3 is reworded as follows:

"Article 3. 1. The supervision, within the scope defined by aviation law and other decrees and in consonance with the international agreements binding Poland, over Polish civilian aviation as well as over the activities of foreign civilian aviation in Poland, is exercised by the minister of transportation, navigation, and communications with the aid of the chief inspector of civilian aviation and, within the scope defined in separate regulations, with the aid of the "Airports" State Enterprise.

"2. The supervision referred to in Paragraph 1 is exercised while respecting the applicable competences of the other ministers";

2) The term "minister of transportation" in the Decree in question is each time replaced with "minister of transportation, navigation, and communications."

Article 6

The following amendments are incorporated in the Decree of 31 May 1962 on the Patents Office of the Polish People's Republic (DZ. U., Item 157, No 33, 1962, and Item 17, No 5, 1985):

1) Paragraph 2 of Article 1 is reworded as follows:

"2. The Office is subordinated to the Committee for Science and Technology Progress under the Council of Ministers";

2) In Article 3:

a) Paragraph 2 is reworded as follows: "2. The chairman of the Council of Ministers appoints and recalls the chairman of the [Patents] Office";

b) The following Paragraph 3 is inserted after Paragraph 2:

"3. On the recommendation of the chairman of the [Patents] Office, the vice chairmen of the Office are appointed and recalled by the chairman of the Council of Ministers";

3) In Paragraph 2 of Article 4 the expression "chairman of the Council of Ministers is replaced with "Committee for Science and Technology Progress under the Council of Ministers."

Article 7

In the Decree of 17 June 1966 on Health Spas and Spa Medicine (DZ. U., Item 150, No 23), in Paragraph 1 of Article 11, the expression "chairman of the Council of Ministers" is replaced with "minister of health and social welfare."

Article 8

In the Decree of 31 January 1980 on Environmental Protection and Development (DZ. U., Item 6, No 3, 1980, and item 201, No 44, 1983), in Article 97:

a) in Paragraph 1 the term "Council of Ministers" is replaced with "minister of environmental protection and natural resources";

b) in Paragraph 2 the expression "Council of Ministers, the Government Presidium, and the chairman of the Council of Ministers" is replaced with "minister of environmental protection and natural resources" and the term "these bodies" with "this agency";

c) in Paragraph 3 the term "chairman of the Council of Ministers" is replaced with "minister of environmental protection and natural resources."

Article 9

In the Decree of 25 September 1981 on Combatting Speculation (DZ. U., Item 243, No 36, 1982, and Item 100, No 23, 1985), Articles 11-15 and Paragraph 1 and the designation of Paragraph 2 in Article 16 are deleted.

Article 10

The following amendments are incorporated in the Decree of 26 May 1982 on Special Rights of War Veterans (DZ. U., Item 122, No 16, 1982; Item 269, No 40, 1982; Item 202, No 42, 1986; and Item 8, No 44, 1987):

1) in Paragraph 4, Article 3, and Paragraph 2, Article 6, the expression "minister of labor, wages, and social services in cooperation with the Office for War Veteran Affairs" is replaced with "minister of labor and social policy";

2) in Article 4 the expression "chairman of the Office for War Veteran Affairs" is replaced with "minister of labor and social policy";

3) in Paragraph 4, Article 13, the expression "chairman of the Office for War Veteran Affairs" is replaced with "chairman of the Social Security Institution";

4) in Paragraph 2, Article 16, in Paragraph 5, Article 18, and in Paragraph 2, Article 19, the expression "chairman of the Office for War Veteran Affairs" is replaced each time with "minister of labor and social policy."

Article 11

In Article 3 of the Decree of 26 October 1982 on Education in Sobriety and Counteracting Alcoholism (DZ. U., Item 230, No 35, 1982, and Item 184, No 34, 1984):

a) in Paragraph 1 the first sentence is reworded as follows:

"The Commission for Counteracting Alcoholism acts as an advisory and opinionmaking body under the minister of health and social welfare";

b) in the first sentence of Paragraph 3 the expression "chairman of the Council of Ministers" is replaced with "minister of health and social welfare," and the second sentence is deleted.

Article 12 In Article 2 of the Decree of 29 December 1982 on the Office of the Minister of Finance and Treasury Offices and Chambers (DZ. U., Item 289, No 45, 1982; Item 50, No 12, 1985; and Item 18, No 3, 1987):

a) Point 1 is reworded as follows:

"1) drafting the financial balance sheet of the state, the state budget, the plan for foreign payments, the plan for the balance of payments, and the balance sheet of personal incomes and expenditures, as well as overseeing their implementation";

b) in Point 2 the term "balance sheet" is replaced with "plan";

c) the following points 7-11 are inserted after Point 6:

"7) implementing current financial policy with regard to units of the socialized and nonsocialized sectors and individuals with the object of actively promoting the goals and objectives ensuing from the National Socio-economic Plan;

"8) drafting the assumptions of the state's policy and implementing them with regard to the determination of wage funds;

"9) determining the rules for the organization and issuance of securities;

"10) determining the rules for keeping records of the assets and liabilities of the State Treasury;

"11) acting in the capacity of an anti-monopoly agency";

d) the original Points 7-15 are redesignated as Points 12-20.

Article 13

In the Decree of 6 April 1984 on Power Industry Management (DZ. U., Item 96, No 21), in Article 16 the expression "chairman of the Council of Ministers" is replaced with "minister of industry."

Article 14

In the Decree of 12 July 1984 on Land Use Planning (DZ. U., Item 185, No 35, 1984, and Item 226, No 47, 1986) the expression "Council of Ministers" is replaced with "Planning Commission under the Council of Ministers."

Article 15

The following amendments are incorporated in the Decree of 15 November 1984 on Communications (DZ. U., Item 275, No 54):

1) the following expressions employed in the provisions of said Decree are altered:

a) "minister of communications" is replaced in every case with "minister of transportation, navigation, and communications," with the proviso of Point 7 remaining in force;

b) "ministers of: mining and power industry; transportation; and the minister-director of the Office for Environmental Protection and Water Management" is replaced in each case with "ministers of: industry; transportation, navigation, and communications; and environmental protection and natural resources";

c) "ministries of: mining and power industry; transportation; and environmental protection and water management" is replaced in each case with "ministries of: industry; transportation, navigation, and communications; and environmental protection and natural resources";

2) in Paragraph 2 of Article 19 the expression "and the minister of prices" is deleted;

3) in Paragraph 1 of Article 22 the expression "ministers of: mining and power industry; transportation; and the minister-director of the Office for Environmental Protection and Water Management" is replaced with "ministers of: industry; and of environmental protection and natural resources";

4) in Paragraph 2, Article 23, the term "transportation" is replaced with "transportation, navigation, and communications";

5) Article 37 is reworded as follows:

"Article 37. The PPTT [Polish (Administration of) Posts, Telegraphs, and Telephones] state organization is directed and externally represented by the director general of the PPTT, who is appointed and recalled by the minister of transportation, navigation, and communications";

6) Paragraph 1 of Article 38 is reworded as follows:

"1. The minister of transportation, navigation, and communications shall, upon the recommendation of the director general of the PPTT, approve the statute of the PPTT which defines the organizational structure and scope of activities of departments of the PPTT";

7) as used in Paragraph 2 of Article 38, in Articles 39 and 41, in Paragraph 3 of Article 60, in Article 62, in Paragraph 4 and Point 1 of Paragraph 6 of Article 77, the term "minister of communications" is replaced with "director general of the PPTT" in each case";

8) the title of Chapter 5 is redesignated "Announcement of Ordinances";

9) Article 80 is reworded as follows:

"Article 80. The ordinances issued pursuant to this Decree, other than those defined in Article 79, are published in 'DZIENNIK URZEDOWY MINISTERSTWA TRANSPORTU, Zegluga i Lacznosci' [Official Journal of the Ministry of Transportation, Navigation, and Communications]."

10) in Paragraph 1 of Article 81 and in the designation of Paragraph 2 the expression "in DZIENNIK LACZNOSCI" is deleted and replaced with "in 'DZIENNIK URZEDOWY MINISTERSTWA TRANSPORTU, Zegluga i Lacznosci.'"

Article 16

In Paragraph 3, Article 4, of the Decree of 3 December 1984 on the Establishment of the Committee for Science and Technology Progress under the Council of Ministers and the Office for Science and Technology Progress and Applications (DZ. U., Item 280, No 55):

a) Point 2 is reworded as follows:

"2) the minister of national education";

b) the new Point 3 is added as follows:

"3) the minister of industry";

c) the original Points 3 and 4 are redesignated Points 4 and 5.

Article 17

In the Decree of 31 January 1985 on the Prevention of Drug Addiction (DZ. U., Item 15, No 4, and Item 66, No 15), in Article 6:

a) Paragraph 2 is reworded as follows:

"2. The Commission operates under the minister of health and social welfare";

b) in Paragraph 4 the expression "chairman of the Council of Ministers" is replaced with "minister of health and social welfare," and the second sentence is deleted;

c) in Paragraph 5 the expression "chairman of the Council of Ministers" is replaced with "minister of health and social welfare."

Article 18

The following amendments are introduced in the Decree of 12 November 1985 on Changes in the Organization and Scope of Activities of Certain Executive and National Agencies of State Administration (DZ. U., Item 262, No 50):

1) in Paragraph 2 of Article 2:

a) Point 6 is reworded as follows:

"6) of the sawmill industry, the board and plywood industry, and the processing of forest products";

b) in Point 9 the expression "and the production of special-purpose machinery and equipment for the needs of agriculture, forestry, and food industry" is deleted;

c) Point 10 is reworded as follows:

"10) redivision and division of real estate and the keeping of land and building registries, and also the performance of the related geodetic work — with respect to gmina areas";

d) the following Point 12 is added:

"12) of agricultural education and scientific, technical, and organizational progress";

2) Points 1 and 3 of Paragraph 2 of Article 3 are reworded as follows:

"1) protection and development of environment, including maritime environment;

"3) protection of natural environmental resources and development of rules for their rational utilization."

Article 19

The following amendments are introduced in the Decree of 10 April 1986 — Atomic Law (DZ. U., Item 70, No 12):

1) Paragraph 2 of Article 44 is reworded as follows:

"2. The Agency is subordinate to the Committee for Science and Technology Progress under the Council of Ministers, henceforth referred to as 'the Committee';

2) in Article 50:

a) in Paragraph 2 the term "the chairman of the Council of Ministers" is replaced with "the Committee";

b) in Paragraph 3 the term "the chairman of the Council of Ministers" is replaced with "the Committee."

Article 20

The Council of Ministers shall define the principles, procedure, and schedule for the transfer of the competences specified in this Decree and in separate regulations to the ministers of: national education; finance; land use management and construction; environmental protection and natural resources; labor and social policy; industry; agriculture, forestry, and food industry; internal market; transportation, navigation, and communications; foreign economic cooperation; and health and social welfare, and also to the Planning Commission under the Council of Ministers, the Committee for Science and Technology Progress under the Council of Ministers, and the Committee for Youth Affairs and Physical Culture.

Article 21

1. The Council of Ministers may, by issuing an ordinance, during the period until 31 December 1988, adapt the operating procedures of executive and national government agencies to the conditions entailed in the implementation of the second stage of the economic reform.

2. In addition to the report on the fulfillment of the 1986-1990 National Socioeconomic Plan for the Year 1987 and the report on the fulfillment of the state budget for that year, the Council of Ministers shall submit to the Sejm of the Polish People's Republic a report on the implementation of the authorization referred to in Paragraph 1.

3. The chairman of the Council of Ministers shall issue in the period ending 31 December 1987 an ordinance specifying in detail the competences of the ministries and agencies mentioned in Article 22 as reallocated or altered in scope by this Decree of the ministries and agencies, insofar as these competences have now been transferred to the ministries and agencies mentioned in Article 20. Any competence not mentioned in said ordinance shall expire as of the day of its publication.

Article 22

In connection with the abolition by the pertinent discrete decrees of the:

— office of the minister of construction, land use management, and communal economy;

— office of the minister of materials and fuels management;

— office of the minister of mining and power industry;

— office of the minister of internal trade and services;

— office of the minister of foreign trade;

— office of the minister of metallurgical and machinery industry;

— office of the minister of transportation;

— office of the minister of communications;

— office of the minister of science and higher education;

— office of the minister of education and upbringing;

— office of the minister of labor, wages, and social services;

— office of the minister of the chemical and light industry;

— Office of the Maritime Economy;

— Office for War Veteran Affairs;

— Main Committee for Physical Culture and Tourism;

1) in the Decree of 12 November 1985 on Changes in the Organization and Scope of Activities of Certain Executive and National Government Agencies (DZ. U., Item 262, No 50), Articles 1, 4, and 6 are hereby deleted;

2) the following are revoked:

a) Decree of 10 December 1952 on the publication of "DZIENNIK TARYF I ZARZADZEN KOMUNKACYJNYCH" [Journal of Transportation Tariffs and Ordinances] (DZ. U., Item 327, No 49);

b) Decree of 11 March 1955 on Transforming the Office of the Minister of Postal and Telegraph Services into the Office of the Minister of Communications (DZ. U., Item 70, No 12, 1955, and Item 48, No 6, 1961);

c) Decree of 22 March 1957 on Changes in the Organization and Scope of Activities of Executive Government Agencies in Certain Subsectors of Industry, Construction, and Transportation (DZ. U., Item 86, No 17, 1957; Item 137, No 31, 1958; Item 164, No 29, 1960; Items 150 and 153, No 32, 1962; Item 49, No 8, 1964; Item 68, No 12, 1976; and Item 76, No 17, 1981);

d) Decree of 29 March 1972 on Establishing the Office of the Minister of Education and Upbringing (DZ. U., Item 71, No 11);

e) Decree of 29 March 1972 on Establishing the Office of the Minister of Internal Trade and Services (DZ. U., Item 74, No 11, 1972, and Item 7, No 2, 1979);

f) Decree of 29 March 1972 on Establishing the Office of the Minister of Labor, Wages, and Social Services (DZ. U., Item 80, No 11);

g) Decree of 8 June 1972 on Establishing the Office for War Veteran Affairs (DZ. U., Item 167, No 53, 1972, and Item 123, No 16, 1982);

h) Decree of 3 July 1981 on Establishing the Office of the Minister of the Mining and Power Industry (DZ. U., Item 77, No 17);

i) Decree of 3 July 1981 on Establishing the Office of the Minister of the Metallurgical and Machinery Industry (DZ. U., Item 78, No 17);

j) Decree of 3 July 1981 on Establishing the Office of the Minister of the Chemical and Light Industry (DZ. U., Item 79, No 17);

k) Decree of 3 July 1981 on Establishing the Office of the Minister of Foreign Trade (DZ. U., Item 80, No 17);

l) Decree of 3 July 1981 on Establishing the Office of the Maritime Economy (DZ. U., Item 81, No 17);

ll) Decree of 25 July 1985 on Establishing the Office of the Minister of Science and Higher Education (DZ. U., Item 169, No 36).

Article 23

This Decree becomes effective as of the date of its publication.

1386

Finance Ministry Official Views Tax Reform 26000107d Warsaw TRYBUNA LUDU in Polish 7-8 Nov 87 p 2

["Telephonethon" interview with Dr. Bronislaw Cias, secretary of state, Ministry of Finance, by Tomasz Srymanski: "Who Will Earn for Himself?" under the rubric "Readers—TRYBUNA"]

[Text] [Question] I look at newspaper help wanted advertisements and see that the [monthly] wages offered to a janitor are 25,000-30,000 zlotys and a part-time typist, 18,000 zlotys, whereas physicians and teachers get at most 12,000 to 15,000 zlotys. If this goes on, in 5 more years the universities will be emptied of students. Mr. Minister, what do you say to this?

(Last Friday, when manning TRYBUNA LUDU's "telephonethon" ("Questions About the Future" cycle), Dr Bronislaw Cias, Secretary of State at the Ministry of Finance, answered as follows):

[Answer] My answer is that we can't allow wasting the knowledge and professional skills of our countrymen. High qualifications should be appropriately rewarded. The implementation program for the second stage of the economic reform points out that a correct wage system will be created. We are not beginning from the scratch, because a taskforce for overall wage appraisals has been active for the last 2 years and, as a result of its recommendations, e.g., this year, some enterprises will be exempted from the mandatory 12-percent limit on wage increases, precisely in order to improve the poor wage relations.

In our subsequent work, which my ministry has taken over from the former Ministry of Labor, Wages, and Social Services, the point will be to utilize economic mechanisms in order to bring about proper labor-wage relations, and hence also a proper structure of remunerations.

[Question] Will enterprises be able to afford financial autonomy during the second stage of the economic reform? After all, many plants are too poor to finance their own operations. Funds are drained into the state budget in order to later stretch out hands for tax credit. Some enterprises get that credit but others do not, meaning that this is unfair.

(Minister Cias agreed with the reader's assessment.)

[Answer] Yes, but let me offer the reminder that we have already introduced many changes in the enterprise tax system being criticized. We now have replaced the large number of various taxes with just four basic taxes: the income tax, which enterprises complain most about because of its high rate; the turnover tax (which de facto burdens consumers of certain products); the wage fund

tax (which is included in production cost, is not a major tax, and finances local budgets and the Cultural Development Fund); and the real estate tax, which also finances local budgets.

As for the other financial burdens on the enterprise, mention should be made of the fund for servicing foreign indebtedness as well as of incentive funds. The latter, while deducted to the [state] budget, are returned in toto to the enterprise for financing its investments. True, not all investments, and this is being criticized.

Thus if the economy were to be treated as a single large enterprise, it turns out that the plants pay to the [state] budget not more than about 50 percent of their profits. And hence, relatively speaking, it is not that much. However, this is an average, because subsequently some enterprises are granted tax credit while others are not, so that some enterprises keep as much as about 80 percent of their profits while others can keep only 35 percent. Thus some enterprises are in a pretty good economic situation while others are in a bad fix.

How will the second stage of the economic reform change this? Generally speaking, taxes will be lower, but most forms of tax credit will be radically abolished as well. Enterprises will continue to pay to the [state budget] about 50 percent of their profits, on the average (a proportion that applies in most other countries as well), but all will receive equal treatment. Thus, they will have more funds at their disposal (depending on their own earnings), but at the same time negotiations for tax credit will be barred. This will probably be more just, right?

[Question] [One reader commented] Will the already proverbial 12-percent limit on wage increases continue to apply next year? This is an impediment to initiative and to the increase in labor productivity.

[Answer] Let us consider this problem: a program for prices in 1988 has already been drafted. It has been presented for consultation; the opinions of economic practitioners will be highly useful.

As for that limit on wage increases, it will probably have to exist as a complement to the universal tax on wages [personal income tax] which will be introduced together with the second stage of the economic reform. The only question is: what should be the extent of that tax, that is, is it to operate as an economic stimulus or as a sanction, or perhaps as both? The Hungarians, whom we are partially emulating, are right now introducing precisely such a combined system: a limit on wage increases combined with a personal income tax.

[Question] What will happen to the turnover tax?

[Answer] As known, the prices of certain products are being increased with the object of preventing hoarding or speculation. During the second stage of the economic reform the aim will be to attain uniform tax rates, close

to the 10 percent, mentioned by the Sejm, on sales of merchandise and 5 percent on sales of services. Higher tax rates will apply only to truly luxury goods. A more uniform tax system also entails accomplishing yet another task specified in the implementation program for the second stage of the economic reform, namely, the future transition to value-added tax.

(Yet another reader who telephoned Minister Cias said he found it difficult to imagine that different kinds of zlotys will exist during the second stage of the economic reform. Because, for example, an outside work team may be hired to repair the roof of a factory building while at the same time the factory's own skilled workers cannot be used for this purpose owing to lack of funds.)

[Answer] The zloty must be the same. That is why revision of the tax system will be in a direction such that, after making payments to the state budget, the enterprise will be able to use its remaining funds in accordance with its own needs and common sense.

1386

Lodz Marketing Manager Reveals 'Capitalistic' Practices

26000107b Warsaw ZYCIE WARSZAWY in Polish
5 Nov 87 p 3

[Interview with Lech Sosnowski, chairman of the "Central" SDH Department Store in Lodz, by Krystyna Gasiorowska: "The Tradesman With a Suitcase" under the rubric "National News"]

[Text] [Question] In your "Central" there is a great deal of imported merchandise. I observed Shetland sweaters, georgette blouses, and cosmetics. Other department stores do not offer such quantities of foreign merchandise. But I heard that you allegedly take a suitcase, put all kinds of goods in it, and travel to other countries to barter them.

[Answer] You are almost exactly right. Yes, I take a suitcase, put in it samples of various materials, single shoes, etc., and take it abroad in order to have something to show to tradespeople there. Of course, I am accompanied by representatives of central foreign trade agencies who make in advance appointments for me with foreign customers. But it also happens, once I am in one country or another, that customers who want to buy something look me up on their own.

[Question] I was told that you travel hundreds of kilometers in search of attractive and low-cost merchandise.

[Answer] When I am abroad, I travel 600-700 km daily in search of merchandise. As a rule, I buy so-called remaindered goods, that is, end-batches sold by wholesalers at very low prices. I also order from mail-order houses leftover stocks of goods which cannot be absorbed by stores in their countries. The mail-order

houses of Western companies follow the principle of selling merchandise which customers cannot find in stores [as published]. At season end, some mail-order houses, e.g., in the FRG, sell to me 20 percent of the merchandise in their catalogs. And that in itself already is a great deal.

[Question] Do you personally take part in every transaction?

[Answer] No, I couldn't manage that. We have many visitors. Today, for example, we hosted Hungarian representatives, yesterday visitors from the FRG, and tomorrow Austrians are coming to see us. We have a special department for foreign cooperation which handles the transactions. But wherever I find it necessary to be present myself, I do not send anybody else.

[Question] Where do you get the money for these purchases?

[Answer] The purchases exist in name only. Let me tell you that to this day I have not spent even one dollar in foreign exchange on these transactions. What I do is simply engage in barter. For example, I swapped Polish tennis shoes for 160,000 pairs of boots from Clark, a British firm. We barter a variety of attractive Chinese goods, e.g., cotton underwear and children's dresses, for Polish linen from the "Teofilow" Plant. Besides, most of our clients are middlemen who distribute our goods in Africa and Asia. That is how I know, for example, that DYWIDAG bags are rather popular in Africa as prayer rugs.

[Question] What is the share of imported merchandise in the overall volume of sales of your department store?

[Answer] About twenty percent. Let me add here that we also engage in barter with department stores in Bulgaria, Czechoslovakia, Hungary, the GDR, and the Soviet Union.

[Question] I heard that, in order to increase sales, and hence also profits, you are forming partnerships with domestic producers.

[Answer] What happens is that we select for production attractive goods that interest us and thereupon we share with their producers the profits from their sales. With some plants we share the profit margin. It is up to the producer. Such partnerships are attractive to both parties, as demonstrated by the fact that I am cooperating with a large number of producers, and not only in Lodz at that. Currently we also are forming a partnership with the Leather Industry Association and expect to receive boots for sale from them.

[Question] If memory serves, you have always tried to attract producers.

[Answer] I have always believed in the necessity of a bond between the producer and the consumer—meaning that consumers should buy in stores what they need and like most. In the 1970s I introduced consignment sales. I introduced in our department store booths displaying merchandise manufactured by individual producers, and subsequently provided the producers with information on the popularity of their products — which ones were selling well and which were not. I organized various drives, for example, factory directors would stand behind the booth counters and ask customers to tell them what they liked and what they did not about their products, what changes they wanted, etc. In addition, many producers manufactured a variety of merchandise exclusively for us.

[Question] And then the lean 1980s came — the times of maximum crisis and empty store shelves. How did you manage then?

[Answer] What I did was simply to try and mobilize the factories for production and maintain contacts with them. We conceived the idea of organizing bazaars in factories on Saturdays off, on condition that people would then report for work. One-half of the output produced on those Saturdays off was shipped to our "Central." Thus producers received from us merchandise that was normally difficult to find in stores, and provided us in return with batches of various goods. In a word, sauce for the goose and sauce for the gander.

[Question] But those goods were not available to others, were they?

[Answer] That was not my problem. My aim is to acquire merchandise at any price and maximize sales and profits.

[Question] Would you agree to become the owner of "Central" Department Store if asked?

[Answer] Of course. I would then pledge myself to increase profits by 10 percent for the state — and I would still profit myself too.

[Question] A propos, what are the profits of this department store?

[Answer] Last year they totaled 384 million zlotys. I don't want to boast and compare our department store with other domestic department stores, but let me say that our profits were higher than those attained by much larger department stores.

[Question] Whence such high profits?

[Answer] From barter and from production to order.

[Question] Does this mean that you manipulate in some fashion prices and profit margins?

[Answer] I would not be a tradesman if I did not do it. I buy merchandise cheaply abroad and sell it at a higher price — but not at a price that would be too high to the average citizen. For example, I sell Shetland sweaters for 5,000-6,000 zlotys and georgette blouses for 4,500 zlotys, whereas at PEWEX (dollar stores) they are being sold for some US\$15.00 [i.e., 15,000 zlotys at the black market rate] apiece.

[Question] Do you support the idea that stores should set their own profit margins and buy merchandise from producers at factory prices — an idea which is opposed by other tradespeople?

[Answer] Of course, I am in favor of factory prices. Quite often I agree on them with producers and thereupon determine a profit margin that would guarantee sales. If the merchandise is very attractive, the profit margin is higher; if it is less attractive, the profit margin is relatively lower. Besides, I can cut my profit margin with time. I bought with hard currency special "guns" for marking prices on merchandise, thus dispensing with hand marking.

But I am not surprised that other tradespeople are opposed to such "freedom." Consider a manager who oversees 100 stores at which prices have to be changed. To this end he would need 100 "guns." But where would he get them? Moreover, changing a price is enmeshed in red tape, governed by too many regulations which should be abolished. Tradespeople should have more freedom.

[Question] How do you conceive this?

[Answer] Only one criterion should apply to trade — profits. Store sales volume should not be used as a binding criterion, because it is not the most important consideration to a store manager. To tradespeople the most important consideration is profits, which they use to finance salaries and expansion, etc.

[Question] Do your profits warrant expansion?

[Answer] Sure, I am using them to build Central Department Store Number 2, but I also have to get bank loans.

[Question] Don't you have any problems? Your optimism sounds suspicious.

[Answer] I could complain about taxes, e.g., about income tax, which is as high as 65 percent. But taxes were, are, and will always exist throughout the civilized world. I believe though that Polish taxes are too high. Hungarians, for example, pay a 45-percent income tax; consider that an economic reform is under way there too. Let me say this: taxes should encourage profitable operation and make it possible to create trade-network facilities. I think that during the present stage of the reform, following appropriate corrections, conditions for the growth of trade will arise.

1386

Katowice Conference Focuses on Brigade Work System

26000107a Warsaw RZECZPOSPOLITA in Polish
5 Nov 87 p 6

[Article by (mt): "Group Forms of Organization of Labor"]

[Text] (Own information) Under the slogan "Partner Teams Take the Road of Implementing the Second Stage of the Economic Reform," a scientific conference on group forms of organization of labor was held in Katowice. The conference was organized by the Center for Self-Government Studies under the Council of State, the Institute of Economic Sciences, Polish Academy of Sciences, and the Main Board of the Polish Society of Economists, and it was hosted by the Katowice "Hydrobudowa-Slask I" Enterprise, which has for 5 years now been applying brigade forms of the organization of labor, having extended them to more than 80 percent of its workforce.

The main address was delivered by Professor Jozef Pajestka. Both the scientists and the practitioners — for the conference was also attended by the directors of the enterprises at which this form of the organization of labor is most advanced — discussed many aspects of the formation and operation of such partner teams. The experience so far and the analysis of similar solutions applied in the highly developed countries served to formulate specific recommendations that are feasible in our conditions.

Other topics considered included the latent potential of group forms of labor, the incentives for their formation, improvements in quality, and greater participation of employees in management.

1386

ROMANIA

Modernization of Village Retail Sales Units

27000037a Bucharest ROMANIA LIBERA in Romanian
11 Nov 87 p 5

[Interview with Ion Vetruscanu, deputy director of the Sales Directorate in the Central Union of Consumer Cooperatives, and Ion Popescu, deputy manager of "Universalcoop" Enterprise, by Mircea Scripcu]

[Text] The system of cooperatives for production, procurement and sales of goods, inextricably integrated in the national economy, is designed to assure supplies of commodities to a population of almost 12 million inhabitants in villages, agroindustrial towns, worker settlements and oil-drilling and lumber areas. For the purpose of assuring adequate supplies to the population, concurrently with contracting for the fund of necessary goods,

measures were also taken for the expansion of the marketing network, for the further diversification of the types of sales units, for expanded use of modern services to customers. Along this line, we asked for information from the parties involved.

[Answer] For the purpose of properly meeting the needs of the population—said Ion Vetrineanu, deputy director of the sales directorate in the Central Union of Consumer Cooperatives—the marketing network has been expanding year by year and now stands at 24,800 retail sales units, 2,100 emporia, 2,400 textile and shoe stores, 1,650 stores carrying hardware and chemical products, 8,400 stores with miscellaneous merchandise, and 11,000 catering units. The cooperatives use modern types of service: self-service, open display of the merchandise, mail orders and the like.

[Question] Please list a few major sales units.

[Answer] These units include the shopping complex, also provided with catering units and housing facilities, in the Scornicești Commune, Olb County, the emporium in the Seini Commune, Maramures County, the sales complex in Odobesti, Vrancea County, and so on.

Last year and this year saw the completion or ongoing construction of new sales complexes and units, many of them located on the ground floor of new apartment houses. The new units include those in Valenii de Munte, Tirgu Neamt, Tirgu Frumos, Podul Iloaiei, Tandares, Uriati, Boldesti, Scaeni, Topliceni, Mitreni, and so on.

Much attention also is paid to diversifying the types of sales units. For instance, this year saw the making available, following both construction and reshaping of existing units, of additional specialized stores carrying equipment, implements and tools for farming and household use, stores and departments carrying merchandise for children and youngsters, stores streamlined for selling garments, shoes, cosmetics, furniture, building materials, and bookstores.

For the purpose of enhancing efficiency and increasing sales of goods per square meter of commercial area, measures were taken for better use of the premises in existing units, for reduction or elimination of storage areas in favor of the increase in sales areas.

[Question] What measures were taken to assure supplies to the rural population for the cold season?

[Answer] To this end, the rural units were provided in advance with adequate amounts of warm textiles, garments, and winter footwear. Moreover, the sales units were provided with some specific metal and chemical goods for this period such as: heaters and cooking stoves using solid fuel, elbows and pipes, construction materials (tiles, asboement slabs, bitumen board, resin lumber, and drawn glass) and other goods.

Special emphasis was placed on priority supplies to localities subject to isolation in case of winter inclement weather, situated in the Danube Delta, in Maramures, Suceava, Neamt, Vrancea and other counties.

[Question] How is the mail order system unfolding?

[Answer] In this area, we have a significant tradition—stated Ion Popescu, deputy manager of "Universalcoop" enterprise. For instance, our mail order unit provides customers countrywide—on a paid-on-delivery basis—with a wide array of goods including bedding sets, bedspreads, blankets, 20-piece sets for infants, quilted robes, real and fake fur collars, table silver sets, cameras, various cosmetics, children tricycles, spare parts for motorcycles, and so forth. Customers may request these items from "Universalcoop," at 8-12 Sergent Nutu Ion Street, code 76323, Sector 5 Bucharest. Payment is on delivery of parcel sent to the postal office involved. The use of this sales system in the prior year resulted in sales valued at 32.8 million lei.

[Question] What does the service by "Book Delivered By Mail" Bookstore involve?

[Answer] This unit of "Universalcoop" mails to customers countrywide political, ideological, technical, scientific, agricultural, medical, fiction and art books, books for students, dictionaries and records. The first 9 months of this year saw the mailing of books valued at more than 4.4 million lei and more than 40,000 records.

11710/12913

GERMAN DEMOCRATIC REPUBLIC

Youth Magazine Urges Tolerance of Homosexuality

23000024 East Berlin NEUES LEBEN in German
Nov 87 pp 56-59

[Article by Prof. Dr. Lykke Aresin: "What Does It Mean To Be Homosexual?" First paragraph is NEUES LEBEN introduction.]

[Text] Man's sexual development is a complicated process both in a biological and psychosexual respect. Sexual orientation is part of that. By that is meant which sex one feels mental and physical attraction for. That is directed toward the opposite sex in the case of the majority; we then speak of heterosexuality. With a minority—it is estimated at four to eight percent—it is oriented toward the same sex. This inclination is called homosexuality. But in colloquial language, homosexual men are also called queers, and homosexual women lezzies or lesbians.

Prejudice From Tradition

It is known from extensive scientific investigations, such as were carried out in the United States in particular, that there is no sharp border between heterosexual and homosexuality. A large percentage of people have had homosexual contacts sometime in their lives, frequently—but not only—in their youth. But only a small portion of them are exclusively homosexual. We have nowadays overcome many of the taboos on sexuality stemming from the past. This is primarily true of so-called "normal" sexuality. The standard for that is the behavior of the average population. Everything which deviated from that was always viewed with mistrust and skepticism. Homosexuality was (and is) not infrequently classified as pathological.

This assessment, which has its roots in the centuries-long dominating influence of Christianity in Europe, also included homosexuality. According to Christian doctrine, sexuality is mainly to serve procreation. Sexual acts which precluded this from the start—such as, e.g., oral-genital contacts—were thus strictly rejected. But the church dealt with homosexuality even more sharply. It was termed an unnatural sexual act and a crime, for a while even punished by death. The state adopted the church view in many countries. There were attempts—unsuccessful, incidentally—to dissuade homosexuals from their inclination through stringent, merciless legislation. Even at the time of Hitler fascism, under the infamous Section 175 of the Civil Code, homosexuals were put in concentration camps and killed there only because of their sexual inclination.

This section of the code no longer exists in the GDR. Homosexual relations between adults are not punishable here. Homosexual contacts with adults, however, are not permissible for young people, because the view was

originally held that there was danger of being enticed into homosexuality by this. This theory of enticement is disputed nowadays. The view that transitory homosexual contact cannot trigger off any genuine homosexuality, but that a certain predisposition for that must be present beforehand, is gaining more and more acceptance.

"I Did Not Choose It"

There are prejudices against homosexuals even in our open-minded society. The result is that many of them are still afraid to admit this inclination. Or they can only bring themselves to do so after a long inner struggle. This excerpt from a letter shows the conflict situation in which a young person who must admit he is homosexual finds himself.

"I am 26 years old and homosexual. I did not want to admit it for a long time, fought against it. My circle of acquaintances suspected this inclination, but I denied it. I also tried to act "normal" in front of my parents. This period of secretiveness burdened me greatly. I played this game out of fear of the reactions of those around me. One often hears disparaging remarks about queers. That affects you really very hard. I even know cases where it led to rash reactions (suicide). I have now admitted my predisposition and am living together with a friend. I was bad at first with my parents; they were totally shocked. They have lately been showing more understanding, because they found out that basically I have stayed the same person, just that I feel differently in a sexual respect. The behavior was different on the work team. It doesn't matter to some; for others it is the subject of conversation again and again; I often hear disparaging remarks. Yet I cannot help it that I'm different from most. I was no more able to choose it than I was the color of my eyes. But most people do not want to see it that way. My friend also suffers from the hurtful remarks, e.g. of building residents. Many—even young people—cannot stand homosexuals; they mock or provoke them. Sometimes I think I should have kept on concealing my inclination. There are times when I am full of despair, do not know how to keep going."

The conflicts and experiences described in this letter are typical for many young homosexuals.

Coming Out

Initially the altercation is with oneself; the acknowledgment that one is different, the attempt to act "normally." This phase—termed "coming out" by sexologists—usually starts in puberty and can extend over years. Their inclination is intensified and reinforced in the case of true homosexuals. There may indeed even be heterosexual contacts in this period. But they are mostly only an attempt to try out whether one can free oneself of homosexuality. And they therefore almost always turn out to be unsatisfactory. They will eventually give up.

The altercation with parents and the rest of the family comes sooner or later in this difficult period of accepting oneself. Most parents at first react negatively. They do not want to admit that their son or daughter, of all people, should be homosexual. Most of them have never dealt with this problem before. They often presume that it is only a mood or even an illness which can be cured if the one concerned only wants to. The parents thus often turn to a sexual consultancy to get help. There they usually besiege us with demands to carry out treatment. As homosexuality is not a disease, but a sexual variant whose original cause is not definitively clarified to this day, there is no therapy for it.

Nevertheless, seeking consultation is helpful, because relevant information can be passed on and prejudices against homosexuality reduced in conversation with the parents there. Some parents always ask what they did wrong in bringing up their child. They torment themselves with self-reproach; the entire past is probed in endless discussions to find a cause for this development. Admittedly, it is a big adjustment for the parents, which requires a certain period of time. For one thing, it involves a family change; plans for the future which one had with the son or daughter are destroyed. For another thing, they are afraid of the opinion of friends, neighbors, colleagues—afraid of their prejudices. This is a hard endurance test for all concerned, but it is quite important that the young people who are involved not be then left in the lurch. They are indeed—as also was described in the letter—often in a state of great uncertainty, suffer from depression and temporarily even from weariness of life.

AIDS

Young homosexuals also frequently encounter derision and rejection from their peers. As a consequence of inadequate sex education, many young people are not informed correctly; they adopt the old prejudices without criticism and find it hard to tolerate homosexual friendships. Through the appearance of AIDS (Acquired Immune Deficiency Syndrome), the pejorative attitude toward homosexuals has unfortunately intensified further and is sometimes even turned into hostility. It is true that homosexuals belong to the risk group, but by no means all of them. The ones meant are only those who indiscriminately make fleeting sexual acquaintances and in so doing do not take any safety measures at all. But there is at present agreement worldwide that the risk of infection can be reduced considerably—if not removed 100 percent—by using condoms. The slogan: "safer sex" was coined in this context. It is now known that the danger does by no means extend only to homosexuals or

drug addicts, but also to bisexuals and heterosexuals. The AIDS disease should thus in no way be misused for discriminating against homosexuals.

Homosexual Women

Strangely enough, the public has dealt far more with male than with female homosexuality. It is perhaps not quite so frequent among women, according to findings so far, but a high number of unreported or undetected cases must be expected. However, friendships and even the exchange of tender acts and expressions are nowadays much more tolerated between women. The thought that a homosexual relationship could be behind this generally does not come up at all. Even if the women admit their inclination, the world around them almost always reacts more tolerantly and understandingly. Homosexual women are thus often better integrated socially and have fewer problems than male homosexuals. This different assessment is possibly connected with the fact that these homosexual friendships are not acknowledged as such. There is also the belief that such a predisposed woman could still eventually marry and have children. The realization that the function of sexual pleasure has nothing to do with procreation, but exists independently of it, is not yet widespread everywhere.

Since one does not select or make up one's sexual orientation and predisposition oneself, but is confronted with this without having anything to do with it, it is time for the heterosexual majority to accept the homosexual minority as having equal rights, all the more so as their sexual behavior cannot be classed as antisocial. The strong pressure to which they were exposed in the past, which forced them to deny and conceal their inclination, not infrequently made them into victims of blackmailers or drove them to suicide, is no longer present in our society. But there are indeed still prejudices or uncertainty about how one should act toward homosexuals. But it is also difficult for the latter to face the world around them uninhibitedly and self-confidently. It is understandable that homosexuals want to have the opportunity to be among themselves, to talk about their problems and exchange views with each other. But they also need contact with heterosexuals, or else there is the danger of isolation.

Achieving equal rights for them is a complicated process. We know that nothing is as persistent as old, die-hard prejudices. Each of us can be instrumental in removing them; for example, by giving relevant information or correcting wrong opinions. Both groups must learn to deal with each other. Belonging to a minority can—but should not—mean existing as an outsider.

This article originated in collaboration with the German Museum of Hygiene in the GDR.

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